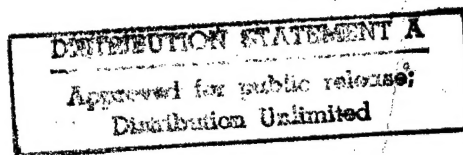


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30 July 1984



East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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30 July 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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QUESTION OF RISING PRICES EXAMINED

Official Speaks on Price Fluctuation

Sofia OTECHESTVO in Bulgarian No 11, 12 Jun 84 pp 8-9

[Several examples illustrating the topic "Prices--Permissible and Impermissible" were published in OTECHESTVO No 8]

[Text] Emil Elmazov, OTECHESTVO editor: Is it possible to discuss prices calmly? Participants in such discussions are becoming increasing fewer. A number of violations were found by the control authorities, some of which flooded the press. Many enterprises have "justified" higher prices for their output, sneaked through all the tight gates of the not so very hard price slalom and reached the finishing line without falling, as though they were winners. This is good, for salaries and bonuses leaped ahead. The relief is only temporary, however, stopping at the cash register and the enterprise's gate, for on the outside partners from other economic sectors are waiting for the goods. They also have managed to "justify" their higher prices. These temporary winners have thus prepared their own mutual and joint defeat. It would be pointless to accuse the economic mechanism and to claim that it has pitted us against each other. It would be better to see where we have twisted it and given it a non-economic coloring, for if we violate the purity of the mechanism it cannot defend itself against us. Deprived of our good will, it is a helpless system of rules. It is like a game which must be played honestly and to the finish if it is to bring satisfaction and benefits. Every player who breaks the rules harms us either in terms of satisfaction or usefulness.

Therefore, it is difficult today to speak of prices with equanimity. In compensation, however, they are being discussed in ever more specific and frank terms.

Georgi Suev, general director of the Ministry of Finance Main Price Administration: How do the state authorities handle prices in such a way as to protect the interests of our national economy?

Prices are neither the only nor the most important means in planning production and consumption with the help of public means and methods of economic management. Furthermore, neither the level nor the ratio of prices must

mandatorily follow the changes which occur naturally in the areas of purchasing power, supply and demand. First among the basic economic factors which affect the need of the public are the growth of the national income as a whole and the accumulation and consumption funds which characterize increased solvent demand.

As to those who have sneaked through the gates of the price slalom, the dodgers and the schemers, let me point out that they are not all that numerous. Most producers obey the "rules of the game" in price matters.

[Question] Nevertheless, the deviation of some prices from commodity values is one of the means of redirecting consumer demand.

[Answer] In linking demand with supply, if price changes must be made to this effect, we also aim at a certain redirecting of consumption toward a socially desirable structure. In practice this is achieved by changing the retail prices of individual commodity groups. For example, the prices of various alcoholic beverages, including ordinary beer, were increased by 36 percent; of grape brandy by 59 percent and of sweetened beverages by 35 percent as of 12 November 1979. Toward the end of May 1983 changes were made in the prices of some high-proof brandies, imported vodkas, luxury beers, etc. The increased prices of the brandies are reflected on their sales and a certain redirection toward sweetened beverages and ordinary beers was noted. The different changes of retail prices of pork, veal and mutton affected their sales as well. For example, compared with 1978, pork consumption in 1982 increased by about 5 kilograms per capita whereas the consumption of veal, beef and lamb remained on the 1978 level.

[Question] Therefore, we are slowly changing our consumption of liqueurs, brandies and pork, we are reweaving our old sweaters made of pure wool and are building carefully, with a great deal of cunning. Who gains from all this?

[Answer] All of us! Some disparities in supply and demand of individual commodity groups are the result of their economically unsubstantiated prices. This can be illustrated with an example borrowed from our recent past by looking at prices of construction materials, most foodstuffs and some durable goods made of natural raw materials (wool, cotton, wood, etc.). In their case, for a long period of time retail prices remained below production costs and the state was forced to compensate for such disparities through subsidies, i.e., through a redistribution of the national income. The higher production costs of such commodities compared to their retail prices were the result of higher purchasing prices of agricultural raw materials. The purpose of increasing purchasing prices was to create favorable economic conditions for increasing the production of such raw materials important to the national economy. This was justified and necessary. However, it was not promptly taken to the end of the economic chain through their prices. In other words, the retail prices of such commodities failed to reflect real production costs and resulted in erroneous assessments, which included the "purchasing-commodity" ratio.

In certain cases and to a certain extent we must consider it economically and socially necessary to use retail prices in properly linking supply with demand, and increasing prices of some commodities in greater demand, particularly in the case of goods which are not of prime necessity; this also applies to lowering prices of commodities which are not in demand and are morally obsolete or no longer fashionable.

[Question] Of late such commodities have been offered in large quantities. Is this to our advantage?

[Answer] Price discounts (in seasonal sales, for example) of such commodities have an economic and social base: they create conditions for fast sales and thus "opening" the way for interchangeable new and improved commodities. Some of the lower-income population is thus offered the possibility of meeting its requirements at a lower cost. Some problems develop here of providing the necessary funds to cover differentials caused by lowered prices. They usually come from the funds which the commercial organizations have accumulated or out of part of the income of production enterprises.

[Question] The prices of some items increase, the prices of others decline, and then other prices increase while others again remain the same. Some readers claim that they are beginning to be confused and to feel lost in the midst of such constantly changing price atmosphere. How can we explain to such people that price dynamics are regulatory and that they are not a sign of rudeness or a means of undermining their feeling of security?

[Answer] Ratios in retail prices of basic commodities are changed only in extreme cases, whenever other means, including increased output, are insufficient in establishing parity between supply and demand. This approach (1968, 1979) is related to observing the requirement of upgrading the real income of the working people by changing wages and pensions, increasing social consumption funds, etc. Price "movements" may be judged by their index. For example, following changes in retail prices of some commodities at the end of 1979, the 1981 and 1982 index was, respectively, 100.5 and 100.3. In other words, the change was insignificant while the growth of income exceeded 2 percent. Few countries could boast of such fixed levels of retail prices and increased income. This is an indicator of the successful development of our economy and the concern shown for increasing the real income of the working people.

Prices of consumer goods in other countries also influence the use of the price mechanism in balancing supply and demand. Under the conditions of a dynamically developing tourism, disparities in the levels and ratios of staple prices (food in particular) at home and in other countries influence our economic policy, for some of the national income is used on a nonequivalent basis by foreign tourists.

[Question] Yes, but this desire shown by the central price setting authorities to keep our national income within our national borders is being skillfully used as a pretext by many enterprise managers. Instead of reducing production costs and production outlays and thus increasing the profit of his

collective, the director says that we are being exported, we must protect ourselves, we must develop and higher prices stimulate us. Nothing is being said of the established law to the effect that as it rises the price must not outstrip improved consumer qualities but should even fall behind them at the approximately same pace at which wages lag behind labor productivity. Let me clarify this: if a new item is better than the old by 50 percent its price should be 40 percent higher so that some of the effect may benefit the consumer, thus encouraging not only production but consumption. Otherwise, what kind of progress would there be if it is in production alone without solvent demand?

[Answer] Comrade Todor Zhivkov justifiably criticized prices in the sense that wholesale prices of some commodities are rising faster than their quality. What is the reason for this? A great variety of reasons exist, both objective and subjective. The former include the lack of sufficiently differentiated standards, which are criteria in determining the individual quality change indicators; unjustified increase of production costs (labor and materials), unrelated to a respective quality increase; ignoring the level of international prices at which corresponding goods are sold, i.e., insufficiently substantiated correlation between wholesale and foreign trade prices; in developing new commodities we do not sufficiently observe the requirement of a relative reduction of costs per unit of basic commodity indicator in accordance with similar items already under production; unsubstantiated differentiation among prices for various qualities, thus not penalizing the production of substandard goods, etc.

The subjective reasons include the insufficient skill of pricing specialists; the formal attitude of the consumers and, in the case of consumer goods, of commercial organizations in coordinating in advance prices of new commodities with their quality; use of all possible ways and means for pressuring the respective authorities for obtaining "favorable prices" of commodities; and symbolic penalties imposed by the control authorities in detecting the production of substandard goods....the subjectivism displayed by some economic managers in the course of the arbitrary "creativity," who "approve" by themselves the prices of their commodities, has particularly damaging consequences. In a previous issue your periodical gave a few examples of such activities.

The connection which Comrade Todor Zhivkov established between prices and production quality in our country and corresponding prices and quality recognized on the international market is of basic significance. In most general terms this means that equality must be maintained between these two ratios, for in the opposite case we cannot substantiate the connection between "price and quality."

[Question] Comrade Suev, we promised ourselves to be frank, for which reason I am asking you the following: how to conclude this conversation and what hope could we give to the consumer, what real guarantees could we give to him to the effect that price fluctuations would not outstrip his possibility of accepting them as necessary and as protecting him from himself?

[Answer] I believe that this hope lies in coordinating in advance a new price with the main consumers, after which the proposal is submitted to the competent authority. This is an obligation of the producer (the branch of the economic organization) and is of economic and organizational nature. Economically it means determining together with the consumer the mutual benefit--the effect which production and consumption have on the output (the commodity); the organizational aspect lies in identifying the main consumer and substantiating the connection between the quality and the price of an offered commodity. Essentially, this means that price specialists must present themselves for a "first examination" to the consumer who will consider the price of the commodity (service) and will "assess" the results of its use. This will also be the "first supervisory level." Taking this examination and organizing strict supervision requires not only a close familiarity with legal requirements on the part of the respective specialists but also their practical utilization in drafting the necessary materials and substantiating prices.

Plant Manager Dwells on Pricing

Sofia OTECHESTVO in Bulgarian No 11, 12 Jun 84 p 9

[Article by Boris Mollov, director of the Warehousing Equipment Combine, Gorna Oryakhovitsa]

[Text] I agree with article 33 of the regulation on the economic mechanism, according to which prices will reflect fashion, level of luxury, uniqueness, etc. However, this article should be expanded. Plants which produce consumer goods (goods for the population) must also be able to justify prices of commodities based on "degree of functionality," which means a combination of fashion, purpose and durability, so that "shoes and boots would not be leaking," etc. Production costs--normative confirmed or actual, the turnover tax for the specific commodity group and commercial discounts must be the base for determining the retail price of such items with a "degree of functionality."

There are many who think that if our combine were to produce 100,000 Rakhovets-model stoves per year the item would become profitable. Personally, I doubt it. My first reason is that the cost of producing this item is almost identical to the sale price. However, cooperating plants, plants which supply us with raw and other materials, import organizations and anyone related to the production of the Rakhovets-model stove outside the combine earn their legitimate percentages of factual or planned profitability, with which they support themselves and set up their funds in accordance with the economic mechanism regulation.

Therefore, with these 100,000 Rakhovets stoves, the combine in Gorna Oryakhovitsa will show no profit. Instead, it will reduce its account in the State Savings Bank by 10 million leva which will be put in circulation. The combine will use the 10 million leva for wages to its personnel. A substantial percentage of the wage fund will go to those who do not produce commodity stocks. Why is it that such items for the commodity fund are not produced by the other giants of our heavy machine building? Why should not they produce no more than two or

three different items but of a suitable quality, items which are sought after and purchased, and which fetch a realistic price? It is high time to realize that items on which we rely in putting to use the funds saved by the population cannot be made of byproducts but must consist of high quality raw and other materials which must be procured on a planned basis.

5003

CSO: 2200/142

WASTE OF MILK, OTHER FARM PRODUCTS CRITICIZED

Sofia STURSHEL in Bulgarian 22 Jun 84 pp 1, 3

[Article by Marin Krusev: "A Drama That Is Really a Tragedy"]

[Text] It is not as if we had increased the yield of milk to such a point that we did not know what to do with it. In Veliko Turnovo Okrug, for example, in the first 5 months of this year alone, there was a short-fall of about 1000 tons of planned milk production. During this same period, however, 56,274 liters of milk spoiled and 56,786 liters were watered down. In other words, it is not enough that there is not enough milk, but we are allowing ourselves the luxury of wasting it.

This is not a recent phenomenon. For many years hundreds of tons of milk have gone to feed pigs. The situation is really paradoxical. Decrees on the stabilization of the work force in animal husbandry are issued, we are sending specialists out to the farms (for which they are each being paid several thousand leva cash), we are waging a struggle for more and better green fodder, we are improving the living conditions of the animal breeders, constructing modern cowsheds and sheepfolds, buying breeding stock from the ends of the earth and paying through the nose, all to produce milk, and as soon as we produce it--off to the pigs with it!

We all know the reason for this--we cannot create a good system for buying up the milk, and that is all there is to it. There has been no end to the conferences held, resolutions adopted, apparently only UNESCO and the United Nations have not been called on to give their opinion on the problem, and on top of this there have been inspections, monitoring agencies, courts of arbitration, unions--and all of these have participated with conclusions and recommendations. The result of all of this is that there is no result. In other words, even in this new year things are as they were before. The agrarian-industrial complexes are placing the blame on Mlechna Promishlenost, which in turn claims that the fault lies with Avtokombinat, and this last group blames the first two. We are left with a model vicious circle.

I had the unpleasant opportunity to wander along this circle myself for 2 weeks. On 16 May I set off "on the milky way" accompanying the driver Kuncho Kiselkov, who was covering his regular route from Purvomaitsi to

Polski Senovets to Veliko Turnovo. I can categorically state, after all I have seen and heard, that the existing system for buying up raw milk in Veliko Turnovo Okrug is a sure guarantee of its spoilage. In order not to overburden the reader, I will present my arguments in abbreviated form.

The agrarian-industrial complexes are in no condition to store the milk reliably. On a number of farms the cooling tanks are out of order because of damage, while other farms have no tanks at all, so that frequently, even before setting out for Mlechna Promishlenost, the milk has already spoiled. More problems are caused by Avtokombinat. Burdened with many secondary obligations, its drivers do not do the one type of work they are supposed to be doing as it should be done. In other words, they do not keep to the established time schedule.

The duties of the driver who picks up the milk are curious, not to say extraordinary. He is required to measure the quantity and evaluate the quality of the milk. This driver is not, however, a specialist in this area, and in addition the tanks are not standardized measuring equipment. Thus he receives this "white gold" in blind faith. It is only too natural that when he transfers it to Mlechna Promishlenost it should turn black before his eyes, when it is measured with standardized equipment. The difference (almost always a shortage) is charged to the driver. On 16 May, for example, Kuncho Kiselkov came out 80 liters short. (I am prepared to serve as a witness that he neither sold nor drank the milk, even though he knows that this will not help either him or his fellow drivers, some of whom are "behind" 1000 to 1500 liters for the first 2 weeks of May alone.) The life of a driver-milk collector is also a thankless one as regards his role in monitoring quality. The collection schedule does not allot the driver sufficient time to evaluate the milk, and the collection points frequently lack the necessary conditions and equipment for this activity, so that even with the best intentions a driver cannot match the accuracy of the results obtained by the specialized laboratories of Mlechna Promishlenost. This in turn results in severe conflicts with both producer and consumer. Each of these defends his own interests (with good reason), but how is the driver to blame? But is it not his duty only to deliver the milk on time? No, it is not! According to the contract in effect between Mlechna Promishlenost and Avtokombinat, the driver is the primary protagonist in this drama, the man who, despite the existence of so many specialists, must bear the cardinal responsibility for the fate of the milk.

In the interest of truth I must note that Avtokombinat is not in favor of this situation and is steadfastly insisting that the milk be collected and evaluated by representatives of Mlechna Promishlenost. The problem was submitted to the court of arbitration. In the case of this okrug, Avtokombinat's requests were turned down. On 12 March 1984 the Supreme Court of Arbitration supported the existing situation. This case should be considered as over and done with, since when the court of arbitration speaks journalists should remain silent. But at the risk of being accused

of insolence, I will take the liberty of adding one more fact: the same argument, between the same enterprises, Avtokombinat and Mlechna Promishlenost, in this case for the city of Pleven, was decided by this same Supreme Court of Arbitration in favor of--Avtokombinat! The date was 22 March, 1984.

Only 10 days' difference between these two decisions, but what a difference in the decisions! One time one adversary is correct, while the next time the other one is correct.

Now go and decide who is at fault!

9832

CSO: 2200/141

HUNGARY

PARTY'S AGRICULTURAL POLICY DEFINED ANEW

Budapest PARTELET in Hungarian No 6, Jun 84 pp 17 - 22

[Article by Imre Kovacs, deputy department chief of the Central Committee]

[Text] Agriculture and the food industry form such an important part of the Hungarian economy that the well-being of our country is inconceivable without successful food production. The opposite is also true, namely, that the food economy can show successes if the country's economic situation is stable, if we can maintain our ability to pay and successfully realize our consolidation program.

More than 5 years have passed since the December 1978 session of the Central Committee at which the country's equilibrium improvement tasks were designated. During this time agricultural production increased by 9 percent and food industry production by 15 percent at comparable prices. In 1983 despite the drought we produced 310,000 tons more grain and 320,000 tons more meat. Almost entirely the additional production went to expand the export commodity base. We were able to achieve this with a declining area of cultivation and in practice an unchanged number of workers. As a consequence of the successful agricultural work, three-fourths of our food industry production provides a good supply for our population; the remainder goes for export. The range of domestically produced food products and luxury goods is being expanded by 100 to 150 new products annually.

Especially noteworthy was the year 1983 which was the great test for Hungarian agriculture because of the extremely unfavorable, dry weather. A similar long-lasting heat and low precipitation occurred in Hungary in 1952 at which time agricultural production declined by more than 25 percent as compared to the previous year and caused very serious food supply problems. As a result of preparatory work and efforts, the 1983 production declined on a national average only by 3 percent as compared to the previous year. The food supply was steady, and continues to be so, and we fulfilled in effect our food delivery obligations to socialist countries, while nonruble exports lagged behind the goals to a certain extent. All this shows that the consistent practice of the party's agrarian and cooperative policy since its proclamation serves well not only agricultural workers but also the interests of all the Hungarian people. Since the agrarian policy theses which appeared in 1957, this policy carries in itself both the elements of stability and renewal. It is not difficult to perceive their importance and interrelationship.

Stability is indicated by the fact that the peasants participate in the building of a socialist society as allies of the working class and therefore they share in power, making use of the possibilities deriving from socialist large-farm forms, farm independence, democracy and material incentive. Renewal, on the other hand, is indicated by continuous adaptation to the requirements stemming from development. In the years 1958 to 1962, for example, the most important task was socialist reorganization, the consolidation of large-farm forms, and an increase in the volume of production. Thereafter continuous employment, and accordingly the expansion of the sphere of activity and the manifold integration of household and auxiliary farms moved to the center of emphasis in practical work. With the passage of time and the realization of stable elements, emphasis was placed on efficient management of means and manpower, increased entrepreneurial readiness, and greater adaptability to the requirements of the domestic and foreign market. Agrarian policy is still a very important part of the party's general policy and will continue to be so in the future. The creative application of this policy may assure that agriculture and the food industry will meet those long-term goals which regard it as necessary to have in agriculture an annual 2 percent growth to the turn of the century and a 2.5 to 3 percent growth in the food industry. With this we can provide our population with a high level, continuous supply, and we shall also be able to increase our food exports. The main task of our agrarian policy is to provide a good base for our food production, assist in the renovation and efficiency efforts of our producer plants, and support good initiatives for the strengthening of the socialist economy. Thus agrarian policy is the basis which strongly influences production structure, farm relations, development directions, development of incomes and so forth. Knowledge of the most important elements and their correct interpretation is the condition for the fulfillment of the tasks facing our food production. In the interest of all these matters it is advisable for us briefly to review several important elements and timely tasks related to these.

Independence, Responsibility, Initiative

An important condition for adapting to economic requirements is enterprise and cooperative independence. Legally, cooperatives are independent because among the operative legal forms their self-governing agencies determine their activity. After the socialist reorganization of agriculture the economic conditions for independence were also gradually created. Most of the food industry enterprises forming a further important chain in the food production process received independence in recent years with the termination of trusts and large enterprises, and are managing well with them. Their decisions and economic relations have become better founded, and their activity adjusts better to domestic and foreign market requirements. The independence of enterprises still working in the trust organization form has also grown substantially.

Management independence and the entrepreneurial skill deriving from it is a source of the good results of Hungarian food production, and must continue to be so in the future. But independence can give effective

sustenance to production only if the economic organs have appropriate information, if they know what the demand for their products is, and what kind of selection possibilities exist in the development of their activity. Thus far such information has arrived to the plants through various channels: the economic regulatory system, the provision of information in various forms of the economic and sub-branch plans, and the purchasing offers, etc., of the industrial and commercial enterprises.

Nowadays adjustment to the market is of increased importance because in the future those plants will best be able to prosper (or prosper at all) which adjust to requirements with their production structure, their production volume, quality and selection. In Hungarian food production these days the improvement of quality and selection and cost management are basically important tasks in addition to increased volume. Occasionally it may happen, at least temporarily, that it will be necessary to moderate the production of certain products in the interest of adjusting to the market.

In this situation it is particularly important that the information of the producer plants and enterprises should be further developed. They can be market sensitive if they know more about the requirements of the market; if regulation mediates these both by means of incentive and pressure; if they receive timely and detailed information on sub-branch plan tasks without the demand for intervention in management; and if by way of commercial enterprises or direct links the producer (agricultural and food industry) enterprises come to know principally foreign market demand in a more timely and exact manner.

This situation puts particular emphasis on the importance of independence and responsibility and their close relationship. Only a well prepared leadership can successfully meet this dual requirement. One source of the success of our agrarian policy up to now was the skill of several tens of thousands of specialists who work in agriculture and the food industry. We will need their persistence even more in the future because the plants and enterprises can meet the increasing economic requirements only with skilled leadership. We must make it possible for talented specialists who are appearing in large number and looking for responsible assignments and who along with the older--hence more experienced--specialists can do a great deal with their modern knowledge and dynamism in the interest of technical and technological development. In cadre work a particularly important task falls to the area and plant party organizations. They must support an economic leadership which has initiative and undertakes rational risks, assuring the basis for good efforts.

Plant Dimensions

The bases of our agricultural production now and in the future are large socialist farms, agricultural cooperatives and state farms. Today 129 state farms and combines are operating on an average area of 7,700 hectares

and 1,285 producer cooperatives on an average area of 4,100 hectares. The number of specialized cooperatives comes to 62, fishing cooperatives to 16. In recent years only producer cooperatives underwent a numerical change, annually about 20 cooperatives were eliminated, some of them were amalgamated while others were terminated. The number and dimension of farms over the long run can provide a good framework for management, and therefore neither amalgamation nor division is justified.

In addition to the agricultural cooperatives and the state farms, various associations have a great role in production. The number of associations not operating as an independent legal agent or as a legal agent has been increasing in recent years--in 1983 they exceeded a thousand. According to the dimensions, substance and organization of their activity, there are many different kinds of associations. The best known and most successful among them is the production system, which was one of the driving forces of production development, and we hope it will continue to be so in the future. Of course, the production systems also have need for the renewal of their work, and thus among other things for the placing of cost management in the foreground. Agrarian industry mergers increasingly find their place among associations as one of the most developed forms of inter-enterprise relations. We will have a continuing need for every one of the associations--and for their creation--as long as they operate successfully. We must continue to assure the voluntary nature of joining an association, and we must also acknowledge this if a member--whose expectations have not been met--leaves an association in a manner according to the rules.

Material Incentive

A further important condition of successful management is material incentive. The coordinated operation of the elements of the regulatory system--price, tax, support, credit--did well in recent years in mediating the goals of the economic plan. Despite the drought year of 1983, agriculture and the food industry overfulfilled in a time proportional manner the goals of the Sixth Five-Year Plan: between 1981 and 1983 the plan goal was for an instance of 7 to 9 percent in agricultural production, while actual production exceeded by 11 percent the average for the years 1976 to 1980.

In addition to production growth, except for 1983, profits of the agricultural plants also increased in recent years, despite the fact that the price of materials and means used in production rose to a greater extent than that of the agricultural products. Agriculture, therefore, responded to the increasing costs with a change in the production structure, increasing production and improved efficiency. It is very important that it could respond because along with every tightening and pressure effect the regulation created the possibility for it of recognizing and taking into account the sub-branch characteristics, and kept the influence of the strain on the plants within tolerable limits.

In the future, economic regulation must adjust further to the characteristics of the Hungarian economy. It must mediate more accurately to the producer

cooperatives those requirements which must be met in order to maintain our ability to pay and for the success of consolidation. It is likely that supports will be reduced, and in the interest of clarity (more exact information) the incentive of the final product will grow.

Thus far regulation has been successful, the auxiliary elements of agrarian policy must remain, namely by taking into account the characteristics and load-bearing capability. We must, of course, consider that regulation will be able to take into account only the most important characteristics (for example, unfavorable natural endowments, official food prices), and also the load-bearing capability of the producer plants cannot be interpreted in a static manner. It is very important that the internal regulation of the producer cooperatives should develop further; that they should make bold use of those solutions which chiefly in cooperative practice have proved successful and which materially, too, give incentive to the workers to greater achievement and savings.

Expansion of Activity Spheres

A significant expansion in the activity spheres of the agricultural plants goes back 10 years. Today only a few debate its right to existence for its advantages are indisputable, on one hand from the viewpoint of the continuous employment of the agricultural population, increasing capability of the villages to retain their populations, the successful management of agriculture, and on the other hand from the viewpoint of a better supply for the population and revival of economic processes.

We regard the development of activity spheres according to purpose as important in the future as well, not only in agricultural plants but also in the enterprises of other sub-branches (food industry). Of course this may mean not only the expansion of activity spheres but also at times its contraction, for example, in the case of management at a loss. We call the attention of the agricultural plants to the fact that the supervision and control of industrial and service activity at a distance from their site is sometimes unsolved (difficult to control) and gives rise to abuses. Therefore, it is advisable if the farms and enterprises organize such activity at their headquarters and nearby.

Household and Auxiliary Farms

Besides large-farm activity, household and auxiliary farms have had an important role thus far in agricultural production, and this will also be the case in the future. But the reorganization which has characterized this activity up to now may be expected to continue. After the socialist transformation they fulfilled chiefly a self-supply role, but later their commodity production was strengthened. At the same time the system of relations became more manifold which ties together the joint and household farms, without which the small producers would not be able to provide one-third of agricultural production.

Of course, despite the further expected strengthening of the integrating activity of large farms, the self-supply function of auxiliary farms will remain, but it is expected that their commodity production will be further strengthened. With this it is chiefly the advance of the outworker system that can be expected in which a cooperative member or an outsider supplies only the labor or perhaps the building for production, while the remaining factors are provided by the large farm. It may be assumed that further work sharing will be worked out between large and small farms. Assuming important integration activity by the large farm of processing enterprise, products which require a great deal of hand labor under small production conditions can be produced successfully if they are being forced out of large farms or sometimes because of the labor demand. Thus nowadays the small farms are producing cucumbers, tomatoes, paprika for the preserving industry, and tobacco for the tobacco industry. Within the foreseeable future the ratio of small production will not change, because in addition to large farms there is also a need for an increase in the production of household and auxiliary farms. To this end, it is necessary to continue with this differentiated work, which the stimulation of this activity requires on one hand from organization and on the other hand from regulation, the security of the industrial base and commercial work.

Coordination of Raw Material Production and Processing

Food production requires well-coordinated activity from a number of economic branches. Particularly important is the coordination of raw material production and processing. It is not accidental that the party resolutions dealing with the implementation of agrarian policy--in greatest detail the March 1978 Central Committee resolution--set as their goal the coordinated development of agriculture and the food industry.

Many things occurred for the implementation of these resolutions. For example, during the Fifth 5-Year Plan period important food industry developments were realized that were without prior example. A whole series of new factories and facilities started operation, and in various industrial branches important reconstruction jobs were begun and developed to help the processing of raw materials produced in agriculture. At the same time the food industry activity of the agricultural plants were also begun and considerably developed, and today these make up about 15 percent of all food industry production. The relationship between agricultural plants and food industry enterprises also developed significantly. A large ratio of contractual agreements are valid for a number of years and the simple buying and selling relationship has been replaced in many places by production cooperation based on joint interest. The increase in the independence of food industry enterprises is also favorably influencing this process. A very important condition of the cooperation is that the participating economic units should operate, if possible, in the framework of the same type of incentive system. In consideration of the fact that the regulatory system of agriculture, because of the characteristics of the sub-branch, are in certain respects different from the general regulation, it is important

that the two related sub-branches--agriculture and the food industry--should operate in the same system. To accomplish this, the government has provided that four specialized sub-branches of food industry--wine, poultry, canning and refrigeration--should convert to agricultural regulation. This conversion was clearly favorable to the development of relations, and therefore it is advisable to continue this process in all those industrial branches which have production relations with agriculture.

Therefore, in developing the vertical expanse of food production, significant progress has been made in recent years. Despite this, there is still much to be done, above all that all branches of the food industry should receive equal opportunity to be partners to agriculture, and that the quality raw materials that are being produced should arrive to the consumer processed and packaged in a modern way both at home and abroad. This is nowadays the most important condition of our competitive stance on foreign markets.

In addition to the agricultural and food industry enterprises and cooperatives belonging to the food vertical build-up in the narrow sense, those industrial, commercial and transportation enterprises also have a great role, of course, in food production which are linked by their activity to the work of the sub-branch. The results of food production are partly theirs, and their tasks are important.

Without modern industrial means and materials, agriculture and the food industry will not prosper. In the future, too, some of these can be made available only from imports. Enterprises participating in creating an industrial base must on one hand affect as much in the way of imports as possible, and on the other hand--and principally--see that the performance capability of their products--means and materials--and their quality and price are in proportion with those of the imported products. Such "adaptation" would represent long-lasting marketing security for the industrial enterprises as well. In this way these enterprises can participate in the exploitation of possibilities afforded by one of the important branches of the Hungarian economy--food industry production.

One basis of the party's success with its agrarian policy is the fact that in addition to keeping an eye on the stable elements it always understood the key issues of progress that vary from time to time, and mobilized the economy in a way appropriate to their solution. We must continue to follow this successful practice. Within the foreseeable future the improvement of efficiency will be the key issue in the implementation of agrarian policy practice in all agricultural plants--large and small alike--and in all food industry enterprises. We must subordinate to this all the question of guidance, plant dimension, the building of the internal organization, self-government, and inter-enterprise cooperation.

PARTY FINDS BORSOD ENTERPRISES SLOW IN ADOPTING REFORMS

Budapest NEPSZABADSAG in Hungarian 22 Jun 84 p 3

[Report by Gyorgy Attila Kovacs: "Even Within the Factory--Experiences of Enterprise Management Development in Borsod"]

[Text] Since the April resolution of the MSZMP's Central Committee, interest in the development of the economic management system, especially of the internal enterprise mechanism, has grown even in Borsod.

In industrial circles, probably as a result of multiplying problems, such questions were asked: has the reform halted at the factory gates? How is it that in many places they are unable to make a better use of autonomy and to couple output and incentives? To what extent does sluggish enterprise management hinder a more flexible management and the use of resources? Why is there in some places no coordination between individual and enterprise interests? To begin with, is it possible to clarify interests? Are narrow profiles possible to expand? Is it possible to uncover the flaws of management if the whole covers the output of the party, when sometimes, for example, the factory unit, because of a lack of self-accounting, is unfamiliar even with the standard, when intra-factory relationships are over-administered?

These are mostly questions and doubts raised in every-day practice; the answers to most of them must be found locally. A thorough analysis of the situation and the things to do--as was recently done in Borsod by the party's executive committee--cannot be a substitute for action although it is an indispensable political aid for action.

The summary statement of the Borsod county party executive committee at its last meeting was based not on high expectations nor on pessimism but on information reflecting reality: the county's industrial enterprises are only at the first steps in the modernization of their system of internal management and interests. The critical weight of this conclusion is increased by the fact that this topic has been on the agenda in our country for more than a decade and that party and government resolutions are urging for progress.

No one debates why substantial changes are in order in this area. A lack of uniform interpretation cannot be blamed either: the economic managers of the enterprises, the party and mass organizations, and most workers recognize

that economic efficiency, the use of resources, and higher output and higher quality greatly depend on the internal system of management and interests. It is also clear that both the effects of the external market and the system of economic and legal regulations, more and more reflecting these effects, wield a great force on the development of an internal organization that is more flexible and that reflects the unity between autonomy and responsibility through the quality of production.

This was the basic aspect from which the executive committee, after inspecting 45 industrial, construction and trade enterprises, tried to find the answer to the question, what the reasons for slow progress are, why modernization and the pace of change are so slow.

Pressure First?

The assessment of the results strengthened the recognition that the greatest changes and fastest progress took place at enterprises where the external and internal economic conditions created a critical situation, where action was a question of life and death. Such an "earthquake" shook up the Metallurgical Works of Ozd, the Borsod Chemical Combine and a few construction enterprises in the county in dire situations.

In order to react to the market flexibly, internal management was thoroughly up-dated at Ozd. Administration was decreased and the autonomy of the factory units was increased. Affecting several hundreds of middle-rank managers, appointments for a specific time were introduced. Decision-making became faster, and a larger role, more time and energy were given in middle-rank management to the longer-range conceptions of management and development and, on the level of production management, to the rapid solution of every-day problems and to the flexible adaptation to changing demands and an unstable market. At the same time, socialist work competition was revived, the forms of intra-factory enterprise were efficiently used, and the measurement and financial incentives for performance were improved.

The objective was the same but the methods were less complex through which the Lenin Metallurgical Works of Diosgyor reorganized maintenance and through the establishment of the new organization, strengthened its activity in trade and marketing. According to a unified concept that reckoned with the elements of external and internal economic pressures, the earlier practice of organization and management was changed at the Diosgyor Machine Factory, which already yields outstanding results, and at the Borsod Chemical Combine, which apparently is in the process of solving its problems.

On the other hand, it is characteristic of the general situation at the industrial enterprises that the organizational framework has hardly changed at enterprises where output is average and where resources for an extensive development still exist. They are characterized by a too complex and sluggish organization, by a striving for centralization, by a further division and inflation of central management, and by a lack of ambition and enterprise. In other words, where there is not enough pressure, comfort and complacency prevail. Not unfrequently, internal efforts (tensions and risks that accompany

the changes is the division of labor and in the condition of interests) are given disproportionately more attention than the benefits arising from a hopefully more efficient management.

Jungle of Contradictions

It is an important discovery that the modernization of internal organization seems to have the best pace mainly where the change of product structure was fastest. For the new situation demands a substantial improvement of organization and the system of incentives.

The issue is not unilateral process but mutual effect. The positive examples in the report submitted to the Borsod county party executive committee demonstrate almost without exception that a more flexible internal management, through the encouragement of local initiative, has a beneficial effect, for example, on the invention movement, on the use of the resources in the "gray stock," and on the increase in performance and corresponding financial and moral support of the creative technical and economic intelligentsia.

However, the development has many contradictions. For example, there is the danger of attractive formal solutions. In many cases the enterprises set goals for which they failed to create the conditions. In such cases there are no real benefits of reorganization but the working atmosphere deteriorates, personal antagonisms increase, and the workers' initiative is paralyzed by uncertainty.

It is a common contradiction that most enterprises change only some individual elements of their internal management system and thus the unchanged elements hinder the attainment of goals expected from the reorganization. It is a concern that professional and management training courses offer little information on the methods of, and positive experiences in, the modernization of the internal mechanism. And he who learns only from his own mistakes, will easily get tired of consistently trying to carry out tasks that are time-consuming and rarely popular. Especially when he faces an imbroglio of imagined and real interests and human conflicts that are difficult to solve. This is one explanation why many executives still expect detailed regulations, executive orders and ready-made models "from above."

Enterprise autonomy would not be the only thing such recipes would undermine. The various conditions in enterprises and the multitude of tasks would also make such interference impossible. Of course, the conditions for certain changes must be created through central measures. An example for this is the series of new government measures aiding in the modernization of wage and income regulations.

The Battlefield Is the Factory

One of the essential statements by the Borsod county party executive committee is as follows: the most important battlefield of the modernization of the internal management and incentive system is the enterprise itself and the local party organization. The following conclusion is not less important: the party

organization nowhere hinders, but much rather initiates and helps, the changes. This is especially true at enterprises where a change has become a question of life and death and where the party or organization and the Communists, together with the management executives, assumed responsibility for the future of the enterprise.

Although perfecting the enterprise planning system, finding new methods and getting more familiar with the market was primarily a professional task, the party organizations also dealt, consistently and thoroughly, with questions of exports, adaptation, quality improvement, the up-dating of product structure and other important topics. They offered valuable observations and recommendations to the management, e.g., how it is possible to better coordinate the interests of the national economy, the enterprise and the workers; they also took part in the development of the self-accounting system of factory units and their network of interests. They played, and play, a great role in changing attitudes without which the maintenance of a creative atmosphere and the encouragement of the sensitivity toward the new is unthinkable. Not to speak of the acceptance of changes in organization, regulation, personnel and assignments.

Experiences of a decade demonstrate that reorganization can be effected without serious problems and in a humane way if the workers understand the essence and necessity of the changes; if they know what their personal tasks are; if they feel secure about their future and their moral and financial situation. This is the soil in which the unity of attitude and action, trust and ambition will mature.

Thus the local party organizations are part of a long, or even permanent, fight on the enterprise and factory battlefield today. The "opponent" is conservatism, habit and the network of bureaucratic phenomena. Creating in the working place an open spirit of debate, an active atmosphere of politics and public life, an element in which it becomes natural to fight against old-fashioned views and outmoded methods of management standing in the way of efficient action, and sometimes against indifference or unrealistic impatience, and to encourage a flexible adaptation, creative experimentation and the facing of risks that accompany the new, is a test of the party organizations' political maturity, agitative power and ideological unity.

The Communists' prominence and role of initiative is not the only element--although an important one--in how dynamically this process progresses and in how long it will take for its fruits to mature for all of us.

9414
CSO: 2500/420

OPERATION OF SMALL ENTERPRISES EVALUATED

Budapest FIGYELO in Hungarian No 26, 28 Jul 84

[Report by Anna Szekacs, "Experiences in the Operation of Small Enterprises"]

[Text] The experiences of the operation of small enterprises for the last 2 years were studied last week by the Council of Ministers. It reaffirmed the justification for resolutions and measures connected with small enterprise, pointing out that it considers the operation and the conditions for operation in general adequate but individual mistakes and abuses must be stopped.

More than 33,000 small enterprises began operation between 1 January 1982 and 31 December 1983. During this same time period 1,500 organizations were disbanded, which shows that the operation of organizations depends on solvent demand.

Preliminary expectations in the development of small enterprises involved the areas of background industry and public services. The processes to date meet these expectations only partially. The new small-shop organizations have a significant and perceivable effect on the support of large industrial production; organizations have been established in large numbers for production, maintenance and reconstruction. One reason for this is that the fewer investment projects resulted in a larger proportion and volume of reconstruction and, since the enterprises are able to accomplish this task only partially through internal organization and a better use of the working hours, small enterprises are also being used for the additional tasks. Although to a small extent, independent enterprises emerged on the export market, and their activity in parts manufacture and rebuilding often substitutes for imports. Small enterprises were established mostly to carry out tasks which no one would undertake earlier.

On the other hand, not enough small enterprises of public service were established. Within the cooperatives, more than 4,500 contract departments are doing public services, enterprise working collectives and independent working collectives are doing little public repair work. The small interest in public services is connected to the fact that the elimination of illegal unprofessional moonlighting is taking longer than would be desirable.

The sales receipts of small enterprises amounted to 18.6 billion forints in 1983, which is about .4 percent of the total sales receipts of the enterprise and cooperative sector. The number of persons involved in small enterprise is in excess of 300,000, which is about 5 percent of the total labor force. Most small entrepreneurs work after working hours, at the expense of their free time; they keep their job at the socialist organizations. Small enterprise at the expense of free time increases the worktime basis of the national economy. In addition, the new activity involves many retired persons and students as well.

The number of active jobholders decreased by 35,000 in 1983. The work done in enterprise working collectives and in the cooperatives of public service at the expense of free time amounts to the full-time work of about 30,000 to 33,000 workers. Thus the extra work of the moonlighters roughly compensates for the decrease in the number of active jobholders, easing real or imagined labor shortage in the various areas of the national economy.

No significant number of employees left organized industry to take up small enterprise; indeed, enterprise working collectives and teams of cooperative public services tend to retain the labor force.

In 1983 a total of 6.4 billion forints were paid as after-tax income in small enterprises. The average annual income in this area is 49,000 forints. Average annual income in main jobs was 87,000 forints and in free-time enterprise was 43,000 forints. The incomes of enterprises and entrepreneurs vary greatly. The 2 to 3-fold hourly wages in the enterprise working collectives may seem to be high but efficiency, the higher-than-average qualification of the workers and the high quality of their work, the character of overtime, and availability must be considered.

The problem is that the public still finds it hard to accept the incomes that are higher than straight hourly wages. On the other hand, as long as the small enterprises are "making up for shortages" both in the market and the organizational system, the entrepreneurs will continue, accordingly, to make more money. Thus it is in our interest to exhaust the market for small enterprise so that shortages will not result in unrealistically high incomes.

In most cases, individual incomes in small enterprises are backed up by actual performance. General experience is that small enterprises sell their products and services for less than those larger organizations whose cooperational activity they replace. Although enterprises establish working collectives mainly when this results in lower cost or when there is no other way to do the work, it happens that small enterprises are established in order to circumvent the existing wage regulations or to make up for deficiencies in management, resulting in unearned incomes.

The main reason for this is that the enterprises' profit interest and cost sensitivity are inadequate. Sometimes small organizations are established without adequately considering their benefits and drawbacks and the savings in cost or extra profit that result from their activity. This attitude

can be changed only by increasing market pressure and by differentiation based on actual performance. This is helped by the further development of the wage regulation system so that the assessment of wage costs will be more closely connected with other cost factors, resulting in the possibility of recognizing outstanding performance even during the official working hours.

In order to eliminate the undesirable phenomena, state and internal enterprise control must be strengthened. With the help of local community organizations, factory recognition of small-shop organizations, the discussion of experiences at democratic factory forums, and the control of the activity must be increased. This way it will be possible for the enterprises to allow the establishment of working collectives only for work clearly outside of the work done during working hours and to eliminate incompatibility.

On the basis of tendencies to date, a further increase in the number and a further improvement of the performance of small enterprises is expected.

9414

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PEASANT PARTY OFFICIAL STRESSES ITS EXPANDED ROLE

Warsaw CHLOPSKA DROGA in Polish No 24, 10 Jun 84 pp 5, 10

[Interview with Kazimierz Olesiak, secretary of the Supreme Committee of the United Peasant Party, by Ezechiel Gornikowski: "Partnership in Operation"]

[Text] [Question] Does the United Peasant Party [ZSL] represent the villages only or is it jointly responsible for the entire country?

[Answer] The answer to this question is provided by fundamental documents adopted at the Ninth Congress outlining the ZSL operational program in the coalition system for exercising authority. The United Peasant Party is jointly responsible for all national and state matters. However, as the party of the peasant class, it regards the village and farming, above all, as its principal area of endeavor. That is why the ZSL is undertaking and will continue to undertake those actions that will guarantee better working and living conditions for people engaged in agriculture, and as a result of this, an abundance of food for the entire nation.

As the party of the peasant class, we participate in the coalition and partner system of authority in the implementation of farm policy jointly drafted with the PZPR. The joint creation of this policy obligates every member and every organization of the ZSL to the growing joint responsibility for its implementation. This policy creates lasting, stable, long-term and equitable conditions and principles for development. It is most important for everyone to implement consistently on his own level of activity. The consequences of this policy are specific and calculable: growth in farm production and improvement in the food market in our country. The ZSL, by concentrating its efforts on village and agricultural issues, is at the same time jointly responsible for the feeding of the nation for the development of the entire country. In this, there is manifested and real essence of the peasant-worker alliance, the real essence representing the basis for authority in People's Poland. By participating in authority and the formation of a national policy, we simultaneously assume joint responsibility together with our political partners for its implementation.

[Question] What does it mean to govern jointly? How does this appear in practice?

[Answer] Joint governance means having specific influence on solving serious village and agricultural problems for the present and future of the state, on the reaching of fundamental decisions, and also on their implementation. One cannot separate joint governance from joint responsibility. These are related entities. Without joint responsibilities there can be no joint governance and vice versa. Thus, also in the framework of coalition and the partnership-like exercise of authority, increasingly more important fields of national, economic, sociopolitical, self-governing, cultural and educational work are being assigned to peasants. For our consistently larger participation in authority and the programming of state policy simultaneously implies the assumption of consistently larger joint responsibility for its implementation.

It is obvious that peasants who are responsible for the various spheres of social life can adequately fulfill their responsibilities only when they sense the strong support and inspiration of their ZSL organizations, our entire party. The authority and position of the ZSL depend primarily on the activities and accomplishments of its members, circles, gmina and provincial committees, and individual communities.

Wherever there is a strong circle, a gmina committee, where the ZSL members are energetic and full of initiative, where people are likewise active in party organizations, in social organizations and in administration, one can see the results of cooperation proceeding satisfactorily in the form of specific achievements and solutions to the most important problems of a given village, gmina or local community. Joint governance is indeed manifested in this. In these instances considerably less attention is attached to the fact of who is most important, who should collect praises, than is focused on the most important and most urgent matters and on how to solve them effectively with mutual forces.

On the other hand, wherever there is a lack of this activity and cooperation, where sometimes the "self" is placed above everything, and people are not viewed through the prism of what they can and wish to do but through the prism of "I am the most important here and no one else," there can be no genuine joint governance and there is also on the whole no progress in solving difficult community problems.

Therefore, everything is dependent upon the wisdom of the people, on their commitment and activity, on the satisfactory arrangement of interparty cooperation, and the degree of influence of ZSL, PZPR and SD [Democratic Party] members on the rural or gmina community. This is the key to genuine joint governance and the bearing of genuine joint responsibility for decisions made and implemented.

We stand on the eve of elections to basic and provincial levels of the people's councils. It is a matter of principle for all of us to elect people to the new municipal posts with initiative, profound knowledge and commitment. It will then be easier to resolve the most complex problems, participate in joint governance and the bearing of joint responsibility.

[Question] To what extent did the last ZSL Congress confirm that the peasant party is de facto jointly responsible for everything that transpires in Poland?

[Answer] First of all, the Ninth ZSL Congress was not a congress of demands and requests submitted by the peasants, but a congress at which serious and honest debate was conducted regarding the sociopolitical and economic status of our country, regarding what problems it was necessary and is still necessary to grapple with in order to overcome the serious crisis gradually, what endeavors must be undertaken in order to guarantee any visible improvement in supplying agriculture with certain means of production in this difficult situation, how difficult the political situation remains in our country, what a dangerous course the international situation is taking and how menacing the results of this can be for Poland, for the socialist countries camp, for the entire world. The peasants raised these issues, which in their convictions hamper them most of all in their work, in increasing the production of food. And it is not difficult to wonder--these matters are closest to them and sometimes are the most trying and painful.

It has been stated that not everything can be solved, but it is possible and necessary to resolve more than we have heretofore in order to achieve further progress in the development of agriculture and the food economy. Attention has been focused on specific examples of the great commitment of the peasants in solving difficult community, regional or national affairs.

The peasants expressed their specific position in the matter of participating in the further socioeconomic development of Poland and the protection of her national interests, as well as in the development of the village and farming in the ZSL program passed at the congress as well as in many recommendations and opinions. This is the collective wisdom of the entire peasant community of our peasant party which we shall now convert into action, into specific action.

[Question] Apprehension regarding implementation of programs outlined at the joint plenum of the Central Committee of the PZPR and the Supreme Committee of the ZSL is not isolated. Are there in fact any threats, and in what areas?

[Answer] The main goal outlined by the 11th Plenum is the attainment of Poland's food self-sufficiency and the achievement of additional foreign trade balance with farm-food products in the late 1980's. To date, the implementation of these decisions has fallen on a very difficult and

complicated period in the life of our country. Many pro-food endeavors emanating from this bill have already been completed, or their implementation has been begun. All basic decisions of a legal nature were adopted together with the so-called constitutional peasant record. The political goals of the resolution found expression in the "Program for Agricultural and Food Economy Development Up to 1990" adopted by the Polish People's Republic Sejm.

From a report recently prepared by the government regarding the implementation status of this program for the past year, it appears that in agriculture, as in no other segment of the economy, the national income generated in 1983 assumed the level of 1978. There hence followed a distinct growth in production and improvement in the efficiency of utilizing material outlays; the process of breaking up the agrarian structure was curbed and the average size of the farm increased; the loss of land for non-agricultural purposes was restrained; the percentage of young people adopting farming has expanded; the development of livestock production is mainly dependent on domestic production of vegetation and our own fodder with considerably limited fodder import.

However, these positive phenomena were mainly achieved as a result of increased effort on the part of farmers, in spite of an incomplete execution of commitments in the area of improvement in providing agriculture with the means of production.

The lack of satisfactory progress in supplying agriculture with the essential means of production, such as chemical agents, represents the greatest menace to the implementation of the program for the development of farming and the food economy in the approaching years. Decisions are not fully implemented in the area of shifting the production of certain industrial plants for the benefit of agriculture; the amount of capital investment for food installations is smaller than assumed; commitments are not fully implemented in the area of land reclamation and supplying villages and agriculture with water; the disproportion between the potential of the farmfood industry and raw material resources systematically continues to increase; in 1983 a decrease in the real income of the farming population took place. These are the most substantial threats to our development of agriculture and the food economy. It is necessary to eliminate them reasonably quickly and effectively in order to assure indispensable working and living conditions for people engaged in farming, in order to assure implementation of the joint resolutions of the 11th Plenum, for the purpose of further improvement in the feeding of the public.

[Question] We are conversing on the eve of the National Holiday which coincides with the PRL's 40th anniversary this year. What would the newly elected secretary of the ZSL Supreme Committee wish to communicate to farmers on this occasion?

[Answer] First of all, I would like to express deep appreciation and regard to all farmers for their hard work and its favorable results. I would also like to express my wishes for a good harvest this year. Also contributing to the attainment of these favorable results is the farm policy formulated jointly by the ZSL and the PZPR, a stable policy and one that guarantees similar conditions of development to all segments of agriculture, a policy that creates conditions of profitability for the fundamental areas of production.

We all, therefore, have cause for celebrating the National Holiday during the 40th anniversary year of People's Poland, in a dignified manner with the widespread conviction that hard work and the labor of the farmer bring their fruits; that when viewed from the perspective of 40 years immense progress is visible in every village, on every farm; that in People's Poland all fundamental goals for which the people's movement fought have been realized.

This year's celebration of the National Holiday should thus serve to rally the villages and the whole of society around the most important matters of the nation and the state, and especially the strengthening of the worker-peasant alliance--the most important political systemic guarantee socialist of Poland.

9951

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POLAND

DETAILS FURNISHED ON CULTIVATION OF WINTER BARLEY

Warsaw CHLOPSKA DROGA in Polish No 22, 27 May 84 p 12

[Article by Engineer Jan Higersberger: "What We Should Know About Winter Barley"]

[Text] The cultivation of winter barley is not very widespread, inasmuch as farmers are convinced that it requires frumentaceous soil. As they see it, why plant barley where you can plant wheat? This kind of question gets right to the point, but is it really true that barley has to be grown in frumentaceous soil? Of course not! It grows well in rye soil where wheat would not do well at all. The most important requirement for winter barley as far as soil is concerned, and this applies to spring barley as well, is how well you cultivate it. If cultivation is efficient and the soil is just right, then the "old kind of fertilizer" (elbow grease) will permit the growth of winter barley on even an average rye soil. Winter barley will do well in all soils except peat or boggy soils, on which the barley lodges or easily freezes, or sandy, weak rye, and poor soils; winter and wet soils are no good either.

Characteristics

Barley can be sown in many situations in which rye is sown. Yields of barley are considerably larger than those of rye: under conditions where rye yields 25 quintals per hectare, barley yields 30-35 quintals per hectare. Barley can be harvested 10-14 days earlier than rye. The early harvest provides nutritious feed for the animals and kasha for people; it also provides some ready cash for the farmer during the difficult pre-harvest period, when he is most likely to be out of money. Having harvested sooner, the farmer will have one less headache during the main harvest season. This early harvest also permits an early sowing of a second crop of stubble or an early spring crop of winter rape if one wishes to work a little harder. Close by our mountains, where the early ripening of winter barley permits the early harvest, the crop is removed before the usually heavy summer rains there arrive. Winter barley straw is also considerably more nutritious than rye or even wheat straw.

Character of Winter Barley

Winter barley needs to be sown early; the soil must be moist and the farmer ready to do a little work. He will have to have a little extra time at first

for his crop, but after these initial efforts the pre-crop yields will be excellent. This is the case with all early crops: spring potatoes and vegetables, both spring and winter green forage, crimson clover, white clover, Victoria peas and winter stubble. You can sow winter barley after rye, and maybe even after winter wheat, but the farmer has got to be efficient and organized so that he is cultivating the right crop at the right time. If you are going to deal with these other crops, you will have to use a great deal of fertilizers, inasmuch as the soil for winter barley is already weak to begin with.

Fertilizers

Lime, phosphorous, and potash are added to the soil in the same quantity for winter barley as for spring barley. Maybe a handful more of nitrogen, though. For each crop, however, you can add 25-30 kilograms per hectare more.

When To Sow

Winter barley has to be sown early. Inasmuch as the climate of Poland varies, the best times for sowing in the different parts of the country can also be different. As it turns out, these are the best times to sow: you should start sowing on 1 September and finish by 5 September in Elblag, Pila, Poznan, Kalisz, Konin, Sieradz, Czestochowa, Katowice and Wroclaw provinces; from 5 September through 10 September in Koszalin, Slupsk, Szczecin, Gorzow and Legnica provinces; from 10 September through 15 September in the lowlands of Opole, Wroclaw and Zielona Gora provinces; from 12 through 15 August in Suwalki, Bialystok and Olsztyn provinces; and everywhere else in the country from 25 through 28 August.

Cultivation

The cultivation of winter barley is no different from that of any other winter grains.

Depth of soil: Winter barley needs a shallow sowing like rye--1.5 centimeters in heavy soil, 3.0 centimeters in light.

Density of sowing: This grain spreads out very much. All variants need to be sown sparsely. This will produce yields of 110-130 kilograms per hectare, according to the "less sown, more harvested" principle.

Spacing of rows: Every other tube in the seeder.

12247

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STATISTICS FURNISHED ON POLISH FOREIGN TRADE CHAMBER

Warsaw RYNKI ZAGRANICZNE in Polish 19 Jun 84 p 8

[Text] The Polish Foreign Trade Chamber [PIHZ], in existence since 28 September 1984, is an organization which unites those manufacturing, service, and trade enterprises which are involved in foreign trade. The PIHZ represents a service organization for its members. It is not concerned with earning profits, nor does it take advantage of government subsidies. Instead, it operates on its own income and budget, which in turn are based on payments from individual units (especially the International Poznan Trade Fairs and Patent Agent Groups) and membership dues, which in 1983 represented 10 percent of the chamber's overall income. PIHZ member benefits greatly exceed the dues paid in.

Number and Structure of Chamber Membership

As of the end of 1983, the membership totaled 1,263 and it continues to grow. For comparison purposes, during its first year (1950) of operation the chamber had 40 members. Over 6 years ago in 1974 there were 417 members. Over 100 hold obligatory membership. These memberships include foreign trade enterprises (companies), shipping firms, port and international transport firms. The remaining members joined the PIHZ voluntarily. This group includes industrial enterprises, cooperatives, skilled workers, etc.

State industrial enterprises (58.5 percent of the total membership) predominate within the membership makeup, which is according to type of company and area of production. The cooperatives and their unions total approximately 11.5 percent, construction firms 7 percent, foreign trade enterprises (companies) 5 percent, and skilled workers (with licenses) 4 percent. The remainder includes planning offices, research and development centers, maritime economy units, higher schools, and others.

The geographic distribution of members, according to membership in chamber departments, is represented as follows (as of 31 December 1983): Bialystok--20, Bielsko-Biala--42, Bydgoszcz--38, Gdynia--79, Katowice--104, Kielce--42, Koszalin--23, Krakow--108, Lublin--28, Lodz--94, Olsztyn--14, Opole--40, Poznan--133, Rzeszow--55, Szczecin--78, Warsaw--203, Wroclaw--85, Zielona Gora--23.

PIHZ members represent the predominant portion of the export potential of specific regions and therefore also the entire nation. For example, in Katowice, which represents the largest region, PIHZ members account for 89 percent of the total export from this province.

Chamber Tasks

In accordance with the concept of the decree on establishment of the PIHZ, the task of the chamber is to develop and strengthen Poland's economic relations with other nations (article 4). In general, this task includes:

--initiation and maintenance of contacts with foreign organizations and institutions of similar character and goals (the PIHZ links cooperative agreements with trade and industrial enterprises in dozens of countries, including all socialist nations. The PIHZ also cooperates with international organizations such as the UN European Economic Commission and the International Foreign Trade Chamber);

--acquainting Polish economic units with foreign market operations, legal regulations and commercial practices, requirements in the realm of foreign trade techniques, etc.;

--promotion of the Polish economy and exporters with the help of various measures, such as delegation of missions, acceptance of foreign economic missions, participation in exhibitions and trade fairs, organization of lectures and discussions, publications, etc. (In 1983, the PIHZ organized 13 collective Polish export exhibitions abroad, and in 1984 it is anticipating participation in 24 exhibitions. The International Poznan Trade Fairs [MTP] and special exhibits play a singular role within the country. This year's MTP calendar includes, among other things, Intermasz, Salmed, Drema, Polish Furniture, Interwelding, Interrail, Kooperacja, and Interart);

--imparting information and assistance through the establishment of trade relations between Polish firms and foreign clients;

--fulfillment of traditional functions by trade and industry organizations in the area of trade practices, expertise, legislative measures, arbitration, judgments, and others linked with international trade;

--imparting information and organizing consultations concerning all economic reform solutions in the realm of foreign trade and the transmission of opinions and proposals by PIHZ members to state administrative organs.

PIHZ Authorities

The highest authority of the chamber is the General Membership Council, which among other things approves council and presidium proceedings, defines the main direction of PIHZ work, approves changes in laws and appoints council, presidium, and auditing commission members. The chamber council, which consists of 15 members appointed from member enterprises and institutions, concerns itself, among other things, with budget confirmation, voting on charges for services rendered, decisions on the

establishment of collective bodies and departments in the country and representatives abroad, and confirmation of the Arbitration Council. The president of the chamber represents a permanent PIHZ organ. The president supervises chamber tasks and is its representative on the outside. He convenes general meetings, council and presidium meetings, while the presiding chamber vice president directly supervises those issues not under the jurisdiction of the president, but entrusted to him. The chamber presidium, consisting of the president, vice president, three members, and four deputy members, decides on admitting new PIHZ members, establishes the financial system and the internal organizational structure of the chamber, presents opinions on proposals, studies by collective bodies and directs them to the state organs concerned. The auditing commission, which is made up of three members and two deputy members, carries out supervision of the chamber's bookkeeping and financial documents, as well as reconciling expenditures with the PIHZ budget.

The Chamber Office

The chamber office in Warsaw consists of the following departments:

--the Foreign Trade Economy and Export Activation Department (presents information on access to foreign markets; is involved in training; overseas and coordinates the chamber's regional activities; works to activate export production and development of industrial cooperation; analyzes conditions; prepares suitable solutions; organizes expert consultations, is in charge of the chamber library, which totals some 25,000 volumes, and 30,000 annual Polish and foreign periodicals, as well as close to 15,000 unpublished materials);

--the Foreign Cooperation Department (is involved in work designed to assist in the development of economic relations with foreign partners; organizes trade fairs, symposia, etc.; is involved in the exchange of trade missions and delegates; carries out work related to chamber membership and activities in international organizations; coordinates activities of PIHZ representatives abroad);

--the Presidium and Personnel Services Department;

--the Finance Department;

--the Technical and Administrative Personnel Department.

The following specific units work under the auspices of the PIHZ:

--the Warsaw Arbitration Council (settles disputes resulting from sales agreements, transport, shipment of goods, and other functions of international trade);

--the International Poznan Trade Fair Administration in Poznan (organizes the International Poznan Fairs, participates in the organization of other fairs, and constructs and equips the exhibits at national and international fairs);

--The Patent Agents' Administration Group "Patpol" in Warsaw (under the instructions of foreign clients it submits inventions, useful designs, ornamental designs, and trademarks to the Polish People's Republic Patent Office in order to obtain exclusive rights);

--the Warsaw Information and Services Center (is involved in the dissemination of current information on laws obligatory under international trade standards; distributes various documents needed for international trade, such as certificates of goods origin, authorization certificates; legalizes trade documents, certifies various legal services for clients);

--the Warsaw Market Research Center (develops market analyses concerning trade of selected goods; works out market access conditions; has published various brochures, including the "Exporter's Guide" with 3,500 copies published);

--the Szczecin and Gdynia Claims Offices (both offices carry out complex freighter accident investigations, most frequently under the instructions of Polish shipping firms for Polish insurance firms);

--the Szczecin and Gdynia Accident Commissions (assess the damages for ships and shipments, and investigate damage claims for foreign insurance companies).

The PIHZ publishes and finances the following:

--RYNKI ZAGRANICZNE (the sole special newspaper devoted to world economic issues, international trade, and specifically Polish imports and exports. RYNKI ZAGRANICZNE represents the country's only recipient of economic information of the leading foreign agencies. Of great interest are excerpts from the foreign trade vademecum, for example, information on partnerships, licensed enterprises, and trade representation offices, as well as market guides. Total circulation of the paper is approximately 10,000, of which 1,300 copies are given free of charge to PIHZ members);

--the monthly HANDEL ZAGRANICZNY (dealing with, among other things, issues on the operation of foreign trade and the techniques involved in trade exchange with foreign nations; it presents current problems governing international economic and financial relations. Circulation is approximately 6,000, with PIHZ members receiving complimentary copies);

--POLITYKA-EKSPORT-IMPORT inserts;

--a series of periodic and occasional brochures, publications, information and other guides, etc.

Regional Departments

The Polish Foreign Trade Chamber is made up of 18 regional departments (see the geographic distribution of members). They operate in areas encompassing from one to several provinces. Information and assistance for members and cooperation with local authorities represents one of the basic tasks of the chamber's departments in the resolution of export production and import rationalization; coordination of activities on export activation based upon the foreign trade minister's authorization, and dissemination of issues concerned with foreign trade. All departments carry out their essential roles in the collection, formulation, and relaying of the opinions of enterprises with regard to planned and obligatory legal statutes dealing with matters of foreign trade.

Collective Bodies

These constitute one of the most important cells in the PIHZ organizational structure. They include sections, committees, and commissions. They are established according to the needs and interests of the members, and group specialists from member enterprises. Chamber activity acquires a social character thanks to their work.

The following collective bodies function jointly with the PIHZ Center in Warsaw:

- the Experts' Department,
- the Department for Foreign Training Centers,
- the Committee for Transport Organization and Technology,
- the Committee for International Trade Restriction,
- the Committee for Adjustment,
- the Committee for Construction and Services Exporters.

The Committee for Cooperation is in the organizational phase.

The following also work with the PIHZ and are subject to committee laws:

- the Polish International Organization for the Protection of Industrial Property (AIPPI),
- the Office of Polish Legislators for International Cooperation (MOP).

In addition, approximately 150 clubs, sections, commissions, and branch committees are active at the chamber's regional department level, including 17 export clubs and 25 Polish-Soviet economic cooperation clubs.

Bilateral Organizations

These are involved in economic advancement in a specific market. They work jointly with the appropriate organizations in partner nations, the goal of the cooperation being the search for economic ties between Poland and its partner nations. Enterprises and institutions particularly interested in the given market represent the membership of the bilateral chambers, sections, and geographic committees. Currently there are 25 such bilateral organizations operating within the PIHZ framework:

- the Bulgarian section,
- the Czechoslovak section,
- the East German section,
- the Romanian section,
- the Hungarian section,
- the Section for Economic Advancement in the Soviet Union,
- the Arab section,
- the Australian section,
- the British section,
- the Nordic countries section,
- the Breek section,
- the Dutch section,
- the Indian section,
- the Iranian section,
- the Egyptian section,
- the West German section,
- the Polish-Austrian Interchamber Cooperation Committee,
- the French committee,
- the Polish-Spanish Bilateral Committee,
- the Polish-Japanese Economic Committee,
- the Polish-American Economic Council,
- the Chamber of Commerce for Poland-Belgium-Luxembourg,
- the Polish-Yugoslav Chamber of Foreign Trade,
- the Latin American section.

Foreign Representations

The PIHZ currently maintains seven one-person foreign trade offices in the Soviet Union (Moscow), East Germany (East Berlin and Lipsk), Czechoslovakia (Prague), Hungary (Budapest), as well as in West Germany (Cologne) and France (Paris). Chamber delegates are tasked with initiation and cooperation in such promotional activities as exhibitions, symposia, etc., and with the maintenance of regular contact with the economic organizations of the host country.

12229

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RESULTS OF MOSCOW CEMA CONFERENCE REVIEWED

Bucharest REVISTA ECONOMICA in Romanian No 25, 22 Jun 84 pp 17-18

[Article by Ioachim Silvestru: "Development and Improvement of Cooperation for Mutual Interest and the Cause of Socialism and Peace"]

[Text] Within the framework of the high-level Economic Conference of the member nations of the Council for Mutual Economic Assistance (CEMA), conducted between 12 and 14 June of this year in Moscow, with participation of party and state leaders from Bulgaria, Czechoslovakia, Cuba, East Germany, Mongolia, Poland, Romania, Hungary, the Soviet Union and Vietnam, the most important problems of economic development and cooperation between the CEMA member nations were examined, including problems on maintaining peace and international economic cooperation.

The Romanian delegation, led by comrade Nicolae Ceausescu, the secretary general of the Romanian Communist Party and president of the Socialist Republic of Romania, participated in the proceedings on the basis of a constructive spirit, making an active contribution, in accordance with our country's principled and consistent position, to the proper carrying out of the Conference and to the drawing up of the final documents so that the proceedings could be concluded with the best possible results that would correspond to the expectations of the CEMA member nations and their peoples.

The Conference proceedings showed that during a period when the world economy is experiencing negative phenomena and trends, the socialist member states of CEMA have succeeded by way of their own efforts and through the development of cooperation in substantially consolidating their economic potential, attenuating the influences of the world crisis in many areas.

In the area of mutual cooperation on multiple planes among the CEMA member nations, there still are - as also noted in the "Declaration Regarding the Main Directions for the Continued Development and Furthering of Economic and Technical-Scientific Cooperation Between the CEMA Member Nations," approved at the Conference - significant reserves for the development of cooperation, the furthering of specialization and cooperation in production, and the development of trade for the purpose of having the more efficient use of the production and technical-scientific potential that is available to the member nations. The proceedings of the Conference and the measures agreed upon focused, first of all, in the direction of mobilizing these reserves.

In showing the course of the relationships of cooperation that have taken place to date and are directed towards the multilateral progress of each of the member nations of the organization, the Conference proceedings stressed that in mutual relations there is a carrying out and a consistent implementation of the principles of socialist internationalism, respect for state sovereignty and national independence and interests, non-interference in the internal affairs of countries, fully equal rights, mutual advantage and comradely assistance, principles that are contained in the CEMA Statute and the Complex Program for continuing to further and improve cooperation and the development of socialist economic integration, fundamental documents which preserve their current relevancy in addition to multilateral and bilateral cooperation programs currently being implemented.

Putting to use the production and technical-scientific potential of the brotherly nations in order to increase the well-being of their peoples requires, as was stressed in the proceedings, that during the process of drawing up economic plans for the years that still remain within the current five year plan and in agreeing upon the annual protocols concerning the trade of goods, the national planning and economic organs must look for opportunities to expand trade - on mutually advantageous bases - between the member nations beyond the volumes outlined in the long-term agreements already in effect.

Feeling that the CEMA member nations have everything that is necessary in order to raise mutual cooperation to a new level, the Conference participants agreed that the following are among the most important objectives that stand before the economies of the CEMA member nations and mutual economic cooperation: the accelerated transition of the economies onto the intensive path and the growth of these economies on the basis of improving the structure of production, the rational use of material and labor resources, the better use of fixed assets and the technical-scientific potential; the assurance of a continued growth of social production as a basis for consolidating the technical-material base of socialism and improving the well-being of the people; the increase of the technical level and quality of products; the development of the export potential; the more rational placement of the forces of production; and the acceleration of the process for the gradual equalization of the levels of economic development of the member nations of the organization.

It was stressed that all activities for developing mutual cooperation in the future must contribute to the mobilization of opportunities for the dynamic and harmonious development of the economies of the CEMA member nations on the basis of intensifying by all means production and introducing the world-wide advances of technical-scientific progress. They must also lead to providing the necessary resources, especially fuels, energy, raw materials, food products, industrial consumer goods and modern machinery and equipment, to their actively participating in the international division of labor and to accelerating the process of equalizing their levels of economic development.

Keeping in mind the significance, generally at the world level, of the problem of raw materials and fuels upon which the economic progress itself of all nations depend, there is special importance in the fact that in the Conference the participants agreed upon a complex program of actions involving the expansion of cooperation in the field of mutual production and delivery, concomitantly with the more economical use of energy and raw materials, on the basis of introducing certain new technologies so as to satisfy the increased needs for carrying out the broad development projects of the CEMA member nations.

As was stressed by the Conference participants, one priority task is the development by all means of the branches of the agro-industrial complex and cooperation within this sphere of activity. The CEMA member nations will direct their efforts towards increasing food production on the basis of introducing modern technologies and developing and improving the technical-material base, as well as towards increasing mutual deliveries of food goods, for the purpose of improving supplies to and the structure of goods for the population. They will carry out appropriate measures, including participation by those interested countries in investment projects and in the provision of other economic conditions for exporting countries to stimulate trade on the basis of bilateral and multilateral arrangements.

The CEMA member nations will also direct their efforts and mutual cooperation towards improving the structure of metallurgical production, the improvement of the quality and broadening of the variety of manufactured products, the reduction of specific metal consumption, and the growth of the production of high-quality steels and other high-quality materials needed by the processing industry.

At the same time, an understanding was achieved that in the coming years there will be a substantial increase, on the basis of mutual cooperation, in specialization and cooperation and the production and delivery of chemical products, and there will be a fuller use of the raw material resources of this industrial branch. Similarly, the Conference proceedings showed the need to better supply the populace with high-quality consumer goods, to which end the CEMA member nations will take common actions regarding strengthening the raw material base for the production of these items, carrying out a technical re-equipping and modernization of the appropriate branches of industry. They will also substantially increase the production of these goods that are slated for mutual deliveries and will expand cooperation in the production of durable goods, expanding the trade of high-quality consumer goods. Another field of mutual interest, where agreed upon measures will be carried out, was the complex development of transportation links between the CEMA member nations in order to facilitate the mutual delivery of goods.

The need for a rapid modernization of the national economies and an accelerated transition along the path of intensive development gives special significance to the joint elaboration - on the basis of national programs - of a Complex

Program of technical-scientific progress over 15-20 years, for the purpose of having a more rapid solution to the most important problems in the area of science and technology and of applying the results obtained to the production in the CEMA member nations under conditions of mutual advantage. The proposed objectives are even more important today when the large-scale introduction into production of the newest advances of science represents a decisive factor for obtaining high labor productivity, for raising the quality level of the products that are made and for increasing their competitiveness on the world market.

In this context, during the Conference proceedings the need was stressed for furthering cooperation and specialization in production, especially in the branches of primary importance, such as machine building, agreeing that in this field cooperation will have a complex nature and will be directed primarily towards the development of the key sub-branches - for example, electronics and the microprocessor and robots industry - and towards equipping the economy with machinery and equipment that are high quality and at the worldwide technical level.

All these constitute fields and objectives of great importance whose implementation requires the use of certain methods capable of permitting the continued furthering of cooperation and the growth of its efficiency. In this regard, there is special significance in the stress during the Conference on the importance of coordinating development plans as a main method of organizing economic and technical-scientific cooperation. The placement of mutual relationships on stable bases by way of concluding long-term agreements and long-term contracts represents, for its part, a confirmed way for the practice of mutual relations. Such agreements and contracts ensure stability, give a future to cooperative relations and create conditions so that each national planning organism can establish on-time its objectives and possibilities for cooperation, offering the framework for a better coordination of plans and ensuring the carrying out relations on firm bases and, thus, increasing their efficiency.

The CEMA member nations feel it is necessary that, under current conditions, the mechanism of cooperation within CEMA become more efficient and respond in a timely manner to the current problems and strengthen the cooperation of the member nations in the priority development of mutual cooperation. There is still current relevancy in the objective regarding the organic blending of cooperation in the field of planning activities with the active use of goods-money relationships. In connection with this, the conference participants stressed the need to improve the activities of CEMA and its organs, as well as the other organs created by these countries.

The approval of a series of decisions of special importance for the development of the cooperation of the CEMA member nations makes it essential to immediately move to carry through on these decisions and to express them in concrete, long-term understandings and agreements - on both a bilateral and multilateral level -, pursuing their steadfast achievement and their effective implementation. It is an imperative requirement to move without

any delays to practical measures for carrying out these agreements so that the agreed upon decisions will produce their positive effects as quickly as possible, starting even this year.

In discussing broadly the paths for developing mutual economic and technical-scientific cooperation, the Conference participants at the same time also examined a series of problems in current international events.

The declaration "The Maintenance of Peace and International Economic Cooperation," approved on this occasion, summarizes the principal conclusions regarding the measures that are required to ensure the normal development of international political and economic relations for the purpose of consolidating peace and the progress of all mankind. As is correctly pointed out in this document, it is necessary for the evolutions taking place in world political and economic affairs to be followed with special attention, especially keeping in mind the fact that in a world of ever closer interdependency these evolutions directly influence the fulfillment of economic-social development plans and that by its very nature socialism has a great responsibility for the future of mankind, with its supreme goal being care for man and for his well-being.

As our country has frequently stressed through the positions expressed by comrade Nicolae Ceausescu, the secretary general of the party and president of the republic, and as is also pointed out in the Declaration, the recent growth of international discord as a result of an intensification of the arms race constitutes one of the main causes of the accentuation of economic and political instability in the world, aggravates the danger of a nuclear war, threatens the existence of mankind itself and represents an ever heavier burden for the people of the world, consuming huge amounts of material and financial resources and slowing economic and social progress.

Relying on force and on the escalation of the arms race blocks the resolution of the fundamental problems of world economic development, makes it difficult to get out of the economic crisis under conditions where there is an accentuation of the disorganization in international commercial trade, intensifies protectionist measures and upsets hard currency and financial relations, especially as a result of the exaggerated increase in interest rates.

These are problems to which Romania has given and is giving special attention, consistently pointing out that currently there is no more important task than stopping the arms race, especially the nuclear arms race, maintaining peace and preventing a nuclear catastrophe. There is reason for satisfaction to find this idea also included in the Declaration adopted at the Conference, which stresses that this also represents a fundamental condition to improve the health of the world economic situation.

The high-level Economic Conference of the CEMA member nations is noted as a moment of great importance in the development of collaboration and cooperation for these countries and, at the same time, as a significant event in

international affairs. The group of measures agreed upon at the Conference has special importance for the development of improvement of collaboration, cooperation and specialization within CEMA. During the current stage, after the adoption of these measures, the main task becomes moving to their full implementation and the effective expression of the agreed upon understandings so as to ensure the more rapid progress of each member country and the growth of the power of socialism.

The consistent implementation of the agreed upon decisions and understandings will contribute to raising CEMA collaboration and cooperation to a new, higher level and to resolving by way of united forces those problems raised by carrying out the vast projects in the socialist and communist construction of the member nations, being at the same time noted as a significant contribution to strengthening the power and prestige of socialism in the world and to affirming the cause of peace and progress and the cooperation and the development of all the nations of the world.

8724

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SURVEY OF EFFECTIVENESS OF ENTERPRISE MEETINGS

Bucharest REVISTA ECONOMICA in Romanian No 25, 22 Jun 84 pp 19-20

[Article by Ovidiu Nicolescu and Ion Verboncu: "Broad Participation and High Efficiency in the Analysis and Resolution of Problems"]

[Text] The firm implementation of self-management and self-administration calls for the adoption of decisions and the launching of actions that will ensure the creation of material, human, financial and organizational conditions necessary to the amplification of the economic potential of enterprises and centrals and to the sustained growth of economic efficiency. The understanding and effective use of the methods, techniques and procedures of management facilitates efforts to establish objectives and to achieve them in a quantitative and qualitative sense. Within the framework of the instruments of management, an important place is held by the methods of sessions - which, in the context of collective management and the strengthening of self-management, is being used ever more frequently.

In the approximately 1,800 enterprises and over 100 economic centrals in our country, the organs of collective management are carrying out their activities in a statutory sense in plenum, primarily by way of the intermediary of meetings. By estimating the periodicity of these meetings and their average length of 2 hours, we see that the amount of time affected each year by interruptions for section meetings, workers general assemblies or the representatives of these assemblies and meetings of the management councils and their executive bureaus is very impressive: approximately 200,000 hours. And, keeping in mind the average number of participants, we arrive at over 10 million man-hours, which, actually, says a lot about the scope which this broadly participative format for the discussion of problems and the approval of decisions has acquired on the basis of the actions that have been generalized by self-management. At the same time, in addition to these institutionalized meetings, at the level of all the structural components of the enterprises or centrals there periodically or occasionally are working sessions which partially or completely bring together their personnel. If we also add the meetings of political and public organizations which are also profoundly involved in the economic-social problems of the units, the result is that meetings are the most frequently used method of management.

Findings and Conclusions Resulting From an Investigation of 74 Enterprises and Industrial Centrals

The essential factor is, however, not the quantitative aspect, but the qualitative side of the problem or, more precisely, the result obtained. A meeting without

clearly defined objectives and insufficiently prepared is incapable of involving the interest, creative spirit and responsibility of the participants, and a meeting as an end unto itself can make easier the slide towards formalism and bureaucracy, thus negating the essence of self-management. As comrade Nicolae Ceausescu has stressed, "collective responsibility and the functioning of our socialist democratic organs under good conditions are a decisive factor for the proper carrying out of all activities." In this regard, the secretary general of the party repeatedly has insisted upon the need for general assemblies and meetings of the management councils to fully and efficiently carry out their attributes as conferred by law.

The rationalization of meetings must become a constant concern of management at the microeconomic level, one oriented in the direction of increasing the effectiveness of work at all hierarchical levels.

Of special importance in the conceiving of solutions for rationalizing the preparation, carrying out and finalizing of meetings is understanding the principal categories (types) of meetings. In our opinion, meetings are divided - depending upon the objective being pursued - into two categories: decisional and informational.

In differing from informational meetings, the decisional type require a more intensive preparation. The presentation of alternate decisions and the number of participants (except for workers general assemblies) are more reduced and their level of involvement and responsibility is higher. Well-defined working procedures are used and, in the end, decisions are adopted that have an obligatory nature and have direct consequences upon the activities that are involved, and so forth.

Meetings of the collective leadership organs are characterized by: their organization at certain time intervals, the participation of certain categories of workers, the discussion and resolution of certain well-defined problems, corresponding to the attributes the collective management organs have in accordance with law, the approval of decisions according to certain rigorously pre-established democratic decision-making procedures, and so forth. They are adopted to a greater degree to the use of other methods and procedures of management (a panel, for example) and to the more detailed and precise establishment of regulations for their preparation and conduct.

The investigations that have been carried out in 74 enterprises and representative industrial centrals have pointed out a series of significant aspects linked to the preparation, carrying out and completion of decisional-type meetings of the collective management organs, especially the workers councils.

The quality of a meeting, evaluated according to the results by which it is finalized, depends decisively upon the quality of its preparations. Our research shows, as a basic finding, that the completion of a judicious agenda took place in only 17.5 percent of the enterprises and centrals that were investigated (see Table No 1 on next page). The quantitative "agglomeration" of agenda items makes the length of the meetings exceed the optimum outlined in the specialized literature (1 to 1.5 hours).

Table No 1

Items Considered	Frequency of Events (Percent of Total)				
	Always	Frequently	Usually	Sometimes	Never
- Agenda is judiciously established (covers one to a maximum of 3-4 problems)	17.56	35.13	20.29	17.56	9.46
- Problems are clearly formulated, facilitating participant involvement in discussions	13.51	35.13	39.19	10.91	1.36
- Analyzed materials are prepared by specially designated persons (or groups)	28.38	24.32	9.46	33.78	4.06
- Sufficient number of invited persons take part in the meetings	14.88	24.32	25.67	21.62	13.51
- Materials for discussion are concise, with decision choices and specific proposals	5.41	12.16	28.38	29.73	24.32
- Materials are forwarded to participants at least 1-2 days prior to the meeting	13.51	14.88	12.16	29.27	39.18
- Participants are notified of the date of the meeting in advance	32.43	27.03	14.88	10.78	14.88
- Meetings always take place in the same location	20.27	22.97	22.97	28.38	5.41
- The meeting place is adequate from the point of view of furniture and surroundings	35.13	21.62	28.38	5.41	9.46

In only 13.5 percent of the cases did we encounter situations where the clarity of the statement of the problem that was to be discussed within the meeting completely represented the premise in order to have a real and efficient involvement of the participants in the discussion of these problems. In 39.19 percent of the situations, such a requirement is respected only at an average level.

The preparation of materials referring to the subject of the meeting by persons (or groups) who were prior-designated and who know these problems well constitutes an especially important condition in ensuring certain fruitful discussions. And, there are many cases where such materials for analysis and proposals did not exist or were superficially completed.

At the same time, for meetings where there are discussions of problems covering a broad spectrum of items referring to various activities it is recommended

that an adequate number of persons be invited who, by virtue of their concerns within the economic units, are directly involved in the solution process so that, after the discussions, decisions can be made and adopted that will be capable of actually improving those activities where problems had been found. Our research shows that in 13.51 percent of the cases such persons are not invited and in 21.62 percent of the units that were investigated they are only sporadically invited.

Similarly, in only 5.41 percent of the units that were investigated did we find that the materials submitted for discussion were concise, presenting decisions options and specific action proposals, while at the other end of the scale such a requirement was not respected in over 24 percent of the cases. This gave rise to discussions that did not address the essence and deviated from the problem.

If we were to also add to this the fact that in the majority of the cases the materials that are prepared are not forwarded on-time to the participants in the meetings, who are then forced to study them only a short time prior to or even during the meetings, we then have a picture of certain serious organizational deficiencies. To this we can also add the fact that in some cases (14.88 percent) the persons who were to take part in the meeting were notified with very short prior notice, not having the opportunity to be prepared and, sometimes, to even participate.

As the information displayed in Table No 2 [see next page] shows, the starting time communicated to the participants is, in most cases, adhered to, which contributes to establishing an atmosphere of seriousness and discipline.

The same thing cannot be said about the clearness with which the meetings' objectives are established by those who chair the meetings - frequently these objectives are stated in an ambiguous manner and in many cases (21.63 percent) the ideas are not presented in a positive manner.

With regards to the so-called conduct of the meetings, we note a high percentage of cases where new ideas and efficient solutions are not outlined or are only sporadically stressed, a situation stemming exclusively from the person chairing the meeting. This person is also at fault in numerous cases where he does not succeed in calming the "heated" spirits in the meeting and in preventing the appearance of tension-filled situations.

Directing the discussions towards the attainment of the objectives in the shortest possible time requires an active attitude and an adequate style in chairing the meeting, keeping in mind the behavior of the participants, their level of preparation and, clearly, the nature of the problems.

Finally, we note that there is a running over beyond the normal length of meetings - usually (27.03 percent) and sometimes (39.10 percent) and the fact that in few of the cases analyzed (13.51 percent) the person designated to head the meeting has a final statement, formulating conclusions that will

Table No 2

Items Considered	Frequency of Events (Percent of Total)				
	Always	Frequently	Usually	Sometimes	Never
Opening the Meeting					
- The Scheduled starting time is adhered to	21.63	39.19	25.67	13.51	-
- Meeting objectives are clearly stated	4.05	18.91	28.37	29.76	18.91
- Ideas are positively presented	12.16	24.32	29.73	12.16	21.63
- Adequate terminology is used to ideas to good use	22.97	22.97	6.77	27.02	20.27
- Introduction lasts not more than 1-2 minutes	13.51	21.62	27.02	20.27	17.58
Conducting the Meeting					
- New ideas, efficient solutions are stressed in the meeting	13.51	13.51	20.27	39.19	13.51
- The chair demonstrates tact, preventing appearance of tensions	12.16	18.91	10.80	29.76	28.37
- Lengthy statements are stopped	21.63	13.51	24.32	13.51	27.03
- The meeting has an adequate pace that will lead to attainment of desired objectives without wasting time	21.63	18.91	22.97	24.32	12.17
Closing the Meeting					
- Length of meeting does not exceed 1-1.5 hours	6.77	13.51	13.51	39.19	27.03
- Discussions and conclusions are noted in writing	47.30	33.78	18.92	-	-
- Chair has a final concise statement, drawing together the main points discussed and new ideas	13.51	18.91	21.63	39.18	6.77
- Important items are also forwarded in writing to participants, at the latest after 2-3 days	6.77	18.91	22.97	12.16	39.19
- Adopted decisions are pursued by:					
-two-way written reports	39.19	24.32	24.32	12.17	-
-specially named secretariat	**	-	-	-	-
**Workers Councils					

point out the basic elements of the discussions, the new ideas that have been retained and the solutions that have been outlined in order to resolve the problems.

The impact of the meeting must certainly be extended - over time and space - beyond the end of the discussions. Contrary to this principle are those cases where there is a failure to forward in writing to those involved the most significant elements coming out of the meeting's discussions (39.19 percent), as well as the inadequate means of following up on the implementation of the decisions that are adopted during the meeting - the simple recording of them in writing without ensuring feedback concerning effective implementation in the economic units.

Requirements for Ensuring Effective Meetings

Preparation

- Judicious establishment of agenda, maximum clarity in formulating problems
- Materials (put together by competent, prior-designated persons or groups) that are to be subjected to analysis and discussion must be concise, clear, rich in ideas, must contain decision options and must be distributed in time
- Invitations to those persons involved in the problems listed on the agenda and who can make a substantial contribution to their solution
- Timely setting and communication of the date, time and place of the meeting

Opening

- Start the meeting at the time communicated in advance to the participants
- Opening speech to be as concise as possible (several minutes), to clearly state the objectives and to present ideas positively and in clear wording
- Submit the scheduled length of the meeting for approval of the participants

Conduct

- Stimulate active and substantial participation of those present in the discussions, stress their contribution to furthering the study and solution of the problems being analyzed
- Prevent and tactfully resolve eventual moments of tension, without, however, discouraging discussions that are contrary and principled
- Promptly stop useless statements, deviations from the subject and speeches that do not contribute to attaining the meeting's objectives
- Set a working pace that will ensure staying within the approved meeting length

Closing

- Chair's final statement will be succinct and will clearly summarize the elements stemming from the discussions so they can be put to use
- After the meeting, elements of special importance will be forwarded in writing to the participants; listed tasks will be brought to the attention of those involved; participants who made proposals will be notified if they were retained (if not, the grounds for not accepting them) and how they are to be resolved

The appreciable reserves for improvement outlined by our investigation require us to do better in all phases of using the meeting method. In this regard, the science of management recommends adhering to a set of rules, shown in summary form in the box above. They have in mind basic factors which influence

the "technology" of a meeting through the prism of the main objective that is being pursued - efficiency as reflected in the fulfillment at a high level of the decisional or informational purposes that are being pursued -, compensating by way of the results that are obtained for the large amount of time stemming from the temporary dislocation of a large number of personnel from management or production activities.

Another reason for rationalizing the use of the meeting method is the large percentage of time consumed by meetings in the time-budget of managers - for those at the top levels over one-third of their time - as well as the tendency to have a proliferation of meetings at the lower hierarchical levels as a result of the development of self-management. Naturally, this requires increasing the contribution of specialists in management, especially by putting into management personnel training and upgrade training programs courses and modules that will ensure the specialists' mastery of the methodology of preparing for and carrying out meetings. In this way, we will ensure raising the level of training of managers and increasing their contribution to the development of self-management and to increasing the efficiency of economic units.

8724

CSO: 2700/217

PROBLEMS IN ACHIEVING INTENSIVE ECONOMIC DEVELOPMENT

Bucharest REVISTA ECONOMICA in Romanian No 25, 22 Jun 84 pp 21, 22, 26

[Article by Gheorghe Postelnicu: "Problems of Intensive-Type Economic Production"]

[Text] One of the current characteristics of the expanded production in our country is the increase in the role of intensive-type factors. In a practical sense, this course is linked to an entire series of profound changes that have taken place in the national economy, to the content and main directions of evolution in technical progress and, in short, to the changes that have taken place in all the structures of production.

As is known, the principal characteristics of this evolution were brought to light by the secretary general of our party, comrade Nicolae Ceausescu, in a series of program documents, beginning with those approved by the 12th RCP Congress and the December 1982 National RCP Conference, as well as all the other plenary sessions and working meetings of the RCP Central Committee which have taken place between these great political events and since then, right up to the present. Along this line of thought, we must especially note the Speech made by comrade Nicolae Ceausescu at the Expanded Plenary Session of the RCP Central Committee of 1-2 June 1982 concerning the current stage of building socialism in our country and the theoretical and ideological problems and political, educational activities of the party. The secretary general of the party pointed out at that time: "With regards to the future, Romania's economy will have to be based upon a modern, powerfully developed industry and upon a high-yield modern agriculture, continuing to remain in the future an industrial-agrarian nation."

Keeping in mind the attainment of the fundamental objective outlined by the 12th Congress regarding the achievement of a new quality in all fields of activity, our country's transition to a new stage of development that is decisive for the dynamism of our country is dependent upon the more accentuated growth of labor productivity, the continuing growth of industrial and agricultural physical production, the raising of the qualitative level of Romanian products and the rational use of all material and financial resources brought into the economic process. All this greatly amplifies the dimensions and significance of the concept of efficiency, in other words, the role of the intensive factors in economic development.

Certainly, the evolution of our economy along the intensive path presupposes a permanent improvement in the methods and components of the new economic mechanism in accordance with the requirements of development and on the basis of understanding the essence and specific forms of expression of objective economic laws. In this context, the analysis of the characteristics and laws of the intensive type of expanded socialist production is necessary as a basic direction of research. The current relevancy of this problem stems, first of all, from the need to develop the causes of the transition from extensive development to intensive development, as well as the criteria for evaluating such a stage of development in the economy and the radical changes that have occurred under the conditions of production.

Naturally, the characteristics of an intensive-type development have also existed until now in our country's economy. Throughout the years of socialist construction certain factors of an intensive nature have expressed themselves with more or less force, just as different forms of economic efficiency have evolved: law productivity, profitability, specific consumption rates for raw materials, fuels and energy, the efficiency of fixed assets, the technical and economic performance of the products made, and so forth, which were and still are considered to be key qualitative elements of any type of production. Over a number of years, it could be said that we have seen the blending of intensive factors with extensive ones, which has caused some researchers to feel the presence in recent years of an intermediary type of growth. Actually, during the period we have just passed through important steps were taken in the direction of reducing material expenditures - the basic condition for the more rapid growth of the national income than social product - and in the direction of increasing the degree of using the available manpower resources by increasing labor productivity and transforming it into the decisive factor for obtaining a greater amount of surplus product. By doing this, in the end, there was a sustained continuation of the process of optimizing certain fundamental economic relationships, such as between sector I and sector II, between consumption and investment, between supply and demand, and so forth. Far from being considered merely a simple development of industry, industrialization fully contributed to the integration and homogenization of all economic-social actions, to the restructuring of the entire national economy and to its modeling, offering the possibility to quickly eliminate the old shortfalls.

Beginning with the scientific analysis of the concrete, specific conditions of our country, with the correct measurement of the resources we have available, with many of these being more than quantitative limits, and with the exact evaluation of the successes that have been recorded to date, as well as certain disproportions that have sprung up between certain branches and the need to eliminate them, one can certainly state that in the years to come there is no other path to select except that of an intensive-type development. The economic and social implications of such an option are especially broad and extremely important. They require the drawing up of a new theory with regards to using the different factors of growth, a new concept concerning the model itself of economic development.

For the purpose of continuing the basic elements of this theory, economic research cannot hide a series of problems. First of all, there has to be a furthering of the analysis of the concepts used to date by literature, with many of these not being capable of completely covering the extremely dynamic economic reality. We have in mind, above all, the concept itself of production, intensive or extensive, that we will have to either integrate or outline, which we have come to call an agrarian type, industrial-agrarian, post-industrial and so forth. Second, it is necessary to have a certain historical outlining of the intensive from the extensive. This drawing of a boundary does not involve just the establishment of a set of indicator criteria and characteristics belonging to one of another of these two forms of production, but an outlining of certain evolutionary tendencies and certain factors which could disturb or, on the contrary, positively influence these tendencies. Actually, the relative nature of the borders between extensive and intensive no longer requires additional demonstrations. That which today proves to be intensive (let us say a technology which economizes both manpower and materials), tomorrow, because of the spiralling evolution of science and technology, can take on characteristics belonging to the extensive. Under these conditions, when can we say that production has become predominantly intensive? Is there an absolutely intensive production when certain elements of the extensive will not be able to be totally eliminated? What are the main laws of going from the extensive to the intensive? Certainly, the trend for this move is fairly visible, but just this simple trend does not, as is known, cover the laws under any circumstances. Thus, these are merely some of the questions that this relatively new chapter must answer in the problem of socialism's political economics.

As we have shown above, one of the problems still being discussed, which to date still does not have a full solution, is in individualizing the criteria for evaluating the intensive stage of development. Basically, this problem rests, above all, in establishing the correlation between the extensive factors and the intensive ones and their percentages in the process of economic growth. In economic literature as well as statistics, there is broad coverage given to the concept whereby the fundamental criterion for defining the intensive from the extensive is the influence exerted by labor productivity upon the growth of annual national income compared to the quantitative growth of the employed workforce in the production sphere. Thus, the greater the percentage of national income obtained on the basis of labor productivity, the more the economy develops along the intensive path.

Without at all denying the special importance of this correlation, it nonetheless contains some limits in interpreting the intensive-extensive relationship. In our opinion, the main problem is in the fact that the entire multilateral and complex nature of the process of expanded production is viewed and interpreted through the prism of a single phase, one that is truly decisive, that is, actual production. Such a manner of presenting things does not correspond to economic reality nor is it correct from a methodological point of view. Normally, there should be for each phase of

the production process - actual production, distribution, trade and consumption - criteria for evaluating the economic effort and the effect that is obtained since the growth of the role of the qualitative factors, where productivity occupies a central role, involves the entire production process. Basically, the products of labor are verified according to the value of social use solely during the phases which follow the actual production. The most efficient production does not always also constitute an efficient production process. For example, at least from a theoretical point of view if not from a practical one, there can be a situation where production costs are low, but the product of the labor - let us say in a productive consumption situation - is not used efficiently, but rather is thrown away or wasted. More than that, because of certain losses that take place in the distribution of goods (certainly, only in cases where certain products are involved: perishability, deterioration, hard to maintain stocks and so forth) it is possible for this to occur in the final stage - consumption - where the products are diminished quantitatively and qualitatively. Under these conditions, this is why the qualitative factors of growth take on a much broader sense and a richer significance, with their absolute expression being the result of the movement of the greatest portion of the product of human labor through all the phases of the production process.

Clearly, labor productivity was and is the main link in the growth of economic efficiency, holding the main place among the factors of an expanded intensive-type production. Year after year, it has contributed to obtaining certain absolute increases in an ever greater national income. Along this line of thought, it is worth noting the fact that because of the growth of the utility of productive labor the increase in industrial production achieved during the first 3 years of the current five year plan nearly equals the entire production obtained in 1960. Just in 1983 approximately 70 percent of the increase in industrial production was obtained in this manner. The program concerning the more accentuated growth of labor productivity and the improvement of labor organization and standards during the 1983-1985 period and up to 1990 has precisely as its essential purpose the achievement of the strategic objective, as established by the National Party Conference, regarding the future attainment of the levels of productivity that exist in the developed nations, ensuring our country's advancement along the path of creating an intensive, highly efficient economy. Thus, we start with the historic truth whereby labor productivity plays a decisive role in affirming the superiority of the socialist system and in ensuring a new quality of life and a continuing development of the national economy. For that reason, there is no reason to deny in any way the decisive importance of labor productivity in the economic progress of our country and in the definitive placement of the economy in the orbit of a preponderantly intensive type production. Nonetheless, the fact that the greatest portion of the increase in production (in some branches, such as agriculture, totally) was obtained on the basis of productivity does not permit us to make the conclusion that these branches have crossed over or have already accomplished the move to an intensive type of expanded production. Precisely this finding

urges us to support the idea whereby the percentage of labor productivity in the total amount of increase in production obtained could not be considered as the sole criterion for evaluating the extensive or intensive form of production. For this reason, there is need for us to direct our analysis as well towards other aspects of efficiency and towards other criteria which, viewed next to each other in their interdependency, can better define the picture of the level of economic development that has been attained.

Thus, we can explain the fact that the above-mentioned Program analyzes labor productivity in close connection with the efficiency of using fixed assets, which take on an ever greater importance during the current stage. The arguments of such a methodology are numerous. It is sufficient for us to note in this regard the large volume of fixed assets that have been accumulated (the largest portion of them being put into operation over the last 10-12 years), the need to continue the programs for mechanization and automation of production on a technologically superior base for the purpose of having a more accentuated increase in labor productivity itself, the increase in the material efforts to acquire certain raw materials that are located at great depths or exist under conditions that are difficult to exploit, the profound structural changes that will take place in the economy, especially from an energy point of view, and so forth. To date, however, the dynamics of bringing technical equipment to labor have seen a trend of outstripping - in some areas even substantially - labor productivity. Beginning with this situation, some economists are actually inclined to believe that it is not possible to increase the contribution of a certain factor in the process of economic growth (let us say, labor productivity) without first of all having a quantitative implication of another factor (in this case, technical equipment). But, such a situation more quickly belongs to the extensive form of production than the intensive, without further considering the fact that such a "compensation" (substituting the negative effects caused by a worsening in the use of one factor through an increase in the efficiency of another) becomes an even greater economic nonsense. Profitability, just to give one example of the form of expression of efficiency, should never be understood in a compensatory sense. In the best case, we can speak of an intermediary form of intensive development, as some authors stress, or of a partially intensive form.

Not by chance, the Program regarding the more accentuated growth of labor productivity was accompanied by approval of the Program concerning improvement of the technical and qualitative level of products, the reduction of the consumption levels of raw materials, fuels and energy, and the better use of raw materials and materials during the 1983-1985 period and up to 1990, which will be part of the general strategy promoted by our party regarding the creation of a modern, intensive economy. Within this framework, the measures established by the Plenary Session of the RCP Central Committee of 21-22 March of this year and by the Grand National Assembly are based upon the contribution of scientific research and technological development in

accordance with the long-term technological programs and forecasts and upon the greater use of our own mineral deposits, use of recovered materials and the expansion of the use of substitutes. All this will have to lead to the growth of efficiency in all economic activities, as reflected, among other ways, in the reduction of material costs per thousand of lei of industrial goods production by 81 lei in 1985 and by approximately 133 lei in 1990. These are realistic forecasts which take into account our possibilities and the experience acquired to date.

Despite all this, a close analysis limited only to the quantitative points of this factor could fuel the impression of the existence within this process of a contradiction in the sense that material savings also have limits. In reality, however, these limits exist only if there are no changes in techniques and technology, in the structure of production and in consumption. The implementation in production of certain techniques and technologies based on other principles of operation and the continuing changes that are occurring in the structure of production, as well as the radical improvement of the quality of products, open new perspectives for the systematic reduction of material costs both at the level of the entire national economy and at the level of each separate item. That is why the Program regarding the improvement of the technical and qualitative level of products and the reduction of material consumption places special stress precisely on improving the structure of production by way of a sustained growth in the varieties of products having a high degree of technology and a high percentage of design work. It is especially important to stress the fact that the Program does not a priori exclude any possibility for having an increase in certain material expenditures. However, at this time, the consumption levels for raw materials, materials, fuels and energy will have to show reduced levels of growth in comparison to the growth of industrial production. For the purpose of a strict adherence to these correlations, the annual plans will state the technical and qualitative parameters that must be attained and the standards for the consumption of raw materials, fuels and energy, as well as the quotas that must be attained in using them. In accordance with the plan provisions, we will use in production over 2,200 new and modernized technologies, with the largest portion of these being in the top branches and sub-branches of advanced processing. At the same time, there will be established a system of modern analysis and follow-up on the quality of production that will be designed to contribute to the optimization of costs and to the improvement of the performance of the products at the internationally competitive level.

The need to better use and rationally use natural resources, manpower and materials more than any other time brings to light the role of science in the process of moving to a new type of production that is superior from a qualitative point of view. As is known, K. Marx understood the intensive form of expanded production as being influenced by the use of certain more efficient tools of work. Under current conditions, the use of such tools constitutes the essence of intensifying the economy. This is even more true since the criteria themselves for evaluating the efficiency of new technologies do not remain the same, are not unchanged. Seen through the prism of the problem before us, efficiency cannot be considered other than those tools of work through which we succeed in

obtaining, simultaneously, a substantial increase in labor productivity, an increase in the qualitative level of items and a reduction to the strictly necessary level of material costs per unit of finished product.

One of the current aspects of the intensive-type production is the increase in the turnover rate of funds and, on a broader plane, of the resources brought into the economic process. The increase in turnover rates has always represented an expression of economic efficiency through which, with the help of the same amount of resources, we succeed in obtaining an annual amount of larger net income. As is known, the increase in the turnover rate is affected by an entire series of factors, including the improvement of technological processes, the organization of production and labor, the improvement of goods and monetary circulation, the development of the infrastructure, and so forth.

In our economy, throughout the years of socialist construction the volume of investments has experienced upward dynamics. This was possible only to the extent of the increase in the country's economic strength. In all these years, appreciable results were obtained by way of increasing efficiency and capital stock formation and by obtaining an ever greater increase in national income for each leu that was invested.

The sole national economic-social development plan for 1984 gives special attention to the basic nature of the role of intensive factors in all fields of activity. This characteristic is illustrated by the more rapid growth of national income compared to the social product, of labor productivity compared to industrial production goods sold and paid for, of exports compared to national income and goods production, and, we especially stress this, of net production compared to the volume of investments. For that reason, the 252 billion lei for investments that are allocated this year are to be achieved in close connection with the manner in which these investment projects contribute to accentuating intensive factors and attaining the objectives that are part of the established priorities.

Keeping these aspects in mind, the complex research into the problem of intensive type production requires, as we pointed out at the start, laying the bases for a new economic concept which goes far beyond the sphere of the production of the social product and national income, involving, in the final analysis, the entire problem of the political economics of socialism as a science in itself. The methodological bases for dealing with such a concept can be completely found in the documents of our party and in the works of comrade Nicolae Ceausescu. They must have in mind our party's concept regarding: the role of scientific and technical progress in changing the structure of the production process, the economic and social aspects of introducing the advances of science in production, the directions of the evolution of intensive factors under the concrete, specific conditions of our country, and the expressions of objective economic laws under conditions of continuing improvements in production relations and adapting the economic-financial mechanism to the new exigencies of creating, distributing and consuming national income.

8724

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MONETARIST DOGMA SAID TO DISTORT FINANCIAL SITUATION

Zagreb DANAS in Serbo-Croatian 12 Jul 84 pp 42-43

[Article by Nikola Simetin]

[Text] Many clarifications are needed in the sphere of economic reproduction, including clarifications of the credit fabric into which the Yugoslav production credit system is woven.

In many ways, an article in the weekly DANAS No 112 for 9 Apr 84 was characteristic for the Yugoslav monetary view on the world of our economic reality. Under the title "What Do the Final Annual Accounts Conceal," an assessment is given of losses reported in the final accounts of the Yugoslav economy for last year. It states that the losses are much greater than reported. To the stated losses on 1983 final financial reports should be added:

Shrinkage of the capital operating fund due to inflation	600 billion
Reduced interest payments resulting from the difference between the interest rate and the rate of inflation	812 billion
Foreign exchange differences on foreign debts	264 billion
Foreign exchange differences on domestic convertible savings accounts	400 billion
TOTAL	2,076 billion
Plus the losses in annual economic financial reports	118 billion
GRAND TOTAL OF LOSSES	2,194 billion

If the facts presented were right, then by adding the losses in endeavors in the noneconomic sector, the need would emerge for an additional foreign debt amounting to \$18.3 billion dollars. Without those \$18.3 billion, it would be impossible to live. Yet since we have after all survived without those \$18.3 billion, the question arises as to how that was possible. In considering this it is absolutely irrelevant whether we have increased our debt by \$1 or \$1.5 billion or have not increased it at all. The essential question is how our life has continued to develop at all without the existence of any income.

Of course, the author did not fully present his vision of losses, so that we do not know how he explained how we survived. Judging from everything presented, he could not give that answer, because the accounting of losses presented is

inaccurate and absurd. Yet such a final report is broadly disseminated. What is more, it is precisely what serves as the essential realization on the basis of which we should formulate our economic policy and numerous changes in the system. That is why the calculations of losses presented and similar ones must attract more attention from experts. We will not attempt to give a full treatment of this theme, which penetrates deeply into all segments and relationships in our production financing system, and thereby also into the accounting system, about which Professor I. Perisin has been writing for years. Rather, only the assertions of the calculations presented will be treated.

The loss on revolving operating capital in the calculation presented was set up so that the 1,030 billion dinars used in the revolving operating capital fund as of 1 January 1983 was increased by the inflation rate for 1983. Since the inflation rate for 1983 amounted to 58 percent, according to that logic the total available for this purpose should have been 1,630 billion dinars. From this figure the author drew the conclusion that "the economy's capital had actually shrunk by 600 billion dinars." That would, however, be the case only if a loss in real value could be found behind it, but that is not the case here. The author himself presents the statistic that stockpiles last year grew by 729 billion dinars, or 54 percent. That means that the capital resources were not "shrunk," but neither were they consumed. They remained in the economy.

"The Loss on Operating Capital"

What happened in actual fact? Many things, but no losses. Instead of a loss, which obviously did not occur, changes occurred in ownership relationships under the influence of inflation. Because of the reduced value of money, the economy lost a part of its monetary resources. As a consequence, what it lacks is not real capital, because that is found in the form of reserves of goods. Let us set aside the complex matter of the structure of those reserves and the causes that led to their disarranged product mix, for that is a separate topic. Let us stress only the fact that the real capital is there, it is not what has disappeared. Rather, it is the monetary resources of the economy that have dissipated. As a consequence of all that, the economy lacks money to pay for those goods. True, along with that there is a shortage of proper interrelationships between the flow of reproduction that would permit those goods to move more quickly in the production and distribution process. But as a separate topic, we will not touch on that matter here, so that we can avoid diverging from the calculation that is the subject of this observation.

Thus it is a matter of a money shortage and not, speaking in general terms, of a lack of real value. And now the problem arises. That lack of money in the economy must be corrected by increased indebtedness at the banks or by mutual indebtedness. The banks have insisted on covering that shortage with short-term credits of supplementary money issue, so as to create an insufficient money supply, which under the circumstances of a restrictive monetary policy would only be partly possible. Consequently, that vacuum has been filled by mutual indebtedness and demand. In the broadest sense, mutual indebtedness is the

direct result of a money shortage that has not been compensated for by bank credits. It is at the same time a source that compensates for the money shortages because of its reduced value, but simultaneously it is the only remaining way to cover the income tied up in accounts payable. For that reason, regardless of all the differences in operating results in individual associated labor organizations, we cannot say that they are operating at a loss. On the contrary, we would have to point out that this is a matter of supplementary income that is not shown in the economy's final annual reports. It is a major fault in our system that decreases income, extracts monetary accumulation from the economy and has been taxing the economy for years, thus making it incapable of becoming a sovereign factor in the overall reproduction relationship.

Thus there is no concealed loss involved. What is actually happening here is a reduction in monetary resources of the economy subsequent to the decline in the value of money, which then is compensated for by increased indebtedness with the banks and mutual credit arrangements. Since here we are talking about reduced value of money and not losses in real value, the need for a solution emerges. Yet despite everything that has been said about that subject, we are still far from able to discuss such solutions. The financial stabilization project circumvented all of that, for the monetarist dogma prevailed, even though our specific economic-financial reality sees it inside out and it totally eliminates the social relationships of reproduction from consideration. Thus today we are not discussing essential questions of monetary and credit relationships, and the problem of monetary circulation and demand monetarization is circumvented. What is more, it is as if we have forgotten that, due to the inadequacy of the system, the constant exhaustion of monetary accumulation from the economy and the burgeoning of its indebtedness repetitively have forced the state financial authorities to transfer funds from money issue to the economy's working capital. Such transfers have provided certain results, as infusions, without causing inflationary effects. Nonetheless, without any proof they are assigned negative effects that have no real connection to those transfers, but are rather most directly connected to an investment euphoria that exists outside of associated labor. And thus, without learning the lesson of our economic past, another infusion is required, while the problem of the reproduction financing system remains open and clouded.

In 1957, 402 billion dinars were transferred from the Yugoslav National Bank to the initial operating capital fund for the economy as short-term credits; that amount equaled 22 percent of the GNP for that year. In the next 2 years there was practically no increase in producers' prices (which went up 1.08 percent over the 2 years). Retail prices also rose over the 2 years by 5.4 percent, chiefly because of increased prices for agricultural commodities.)

"Less Interest Paid as a Loss"

According to that muddled and improperly interpreted picture of the problem, the second and largest part of the loss consisted of "less interest paid." The calculations as presented place that sum at 812 billion dinars! To be specific, according to the article the overall interest, together with that actually paid in the amount of 396 billion dinars, should have totaled 1,208 billion dinars.

A difference of 812 billion was eaten up, for 1,208 billion was actually the minimum that according to this concept of real interest should have been paid by the economy to compensate for the rate of inflation. At a "real" interest rate, the figure should have amounted to even more. Anything below that amounts to interest concessions.

If we accept that calculation, let us see who should pay that enormous amount of interest that has not been paid, but rather "eaten up." Not a single dinar more should be paid abroad, for they have received their very real interest payments. A similar situation is found with domestic convertible foreign exchange savings. The economy's capital should receive compensation, for it certainly has been recognized as deserving real interest on its capital investment. The self-management interest communities and the state should not, for that would inflate the "savings" of noneconomic activities and reward capital that is being used without a purpose. To be specific, the economy does not set aside capital for those diverse uses only to have the self-management interest communities and the sociopolitical communities invest their funds in banks to earn interest and expand their expenditures. Therefore, the only thing remaining to be considered are the deposits of the population.

At mid-1983, long-term savings accounts totaled 140 billion, and short-term accounts another 193 billion, for a total of 333 billion dinars. That figure should be reduced by the population's indebtedness to the banks, which amounts to 290 billion. That reduction must be made because the population should also have to pay a real interest rate on that amount. Thus only 43 billion dinars remain for the economy to use from that source. If we assume, then, that the economy used all the foreign exchange deposits of the population, which at mid-year 1983 amounted to 325 billion dinars, then we would come to the conclusion that for 368 billion dinars obtained from that source, the economy paid 300 billion in interest (about 100 billion goes for foreign credits).

It is true that separating accounts by sectors does not give a correct picture, for it conceals individual features. Yet at this phase in our development it nevertheless uncovers the essential fact, the financial-system position of the Yugoslav economy, which is overloaded like a donkey. Further loading is out of the question, yet many instruct us to add to the burden. The basis for that position is in a simplistic notion for calculating real interest, but perhaps it has other bases as well.

Since much has been written about that, and it has received special attention in the latest issue of the magazine SOCIJALIZAM (No 3, 1984), here we will not attempt to elaborate on why and how the enormous mass of credit was formed and how that led to errors in calculating real interest. We will begin from the assertion that through a difference in the interest rate, the economy gained 812 billion dinars. Here, immediately, we must ask where that difference came from and who lost it. We have already seen that no such difference exists.

Foreign countries and foreign capital belonging to Yugoslav citizens are not involved, for the simple reason that foreign exchange rate differences are recognized at a rate that noticeably exceeds the rate of inflation.

Along with that, they have received interest that certainly was at a real level. The balances of commercial banks are made up 40 percent of that capital.

Neither is it certainly the National Bank, which by its monetary emissions in the balances of commercial banks owns some 12 percent of their total capital. Nor is it the "noneconomic" sector, for the reasons explained above.

Exchange Rate Differences

Everything comes down to the dinar capital of the population, but we have already presented that calculation. On the basis of it, we can unambiguously conclude that the economy has not gotten anything from anyone because of an allegedly low interest rate. On the contrary it has paid a high interest rate. It would be possible to speak of shifts in income between associated labor organizations in the economy, but that is not by any means a loss that could be added to the losses shown by the final annual reports. Therein lies the inaccuracy in the calculations presented in the article in question, just as the increase in losses cannot correctly be regarded as a loss in operating capital.

Finally, there are the famous exchange rate differences for foreign debts that were listed as losses in the amount of 264 billion dinars. First, it should be noted in that connection that they are much greater and that they accumulate from year to year. We must, however, ask just what exchange rate differences are. They amount to revaluation of debts and they follow the fate of the principal. To shift those exchange rate differences onto the economy's current income is just as ridiculous as, for example, it would be to assign immature debts to that category, since the economy will eventually have to pay them. For now it is not important to assess the impact of that. It is essential to note that there is no reason to treat these debts as a current expense, and consequently an unexpressed loss. They are a future expenditure and should remain there, to be paid from income when they come due.

Those are the exchange rate differences that burden the economy. The exchange rate differences on the capital of the population has, however, a different nature. They accrue to the value of foreign exchange savings accounts that grow but are kept in the banks until they are spent. They are potentially a major problem that will be expressed in the rate and manner in which those funds are spent. It is a problem that the society must consider in an overall developmental policy that will find a way to affect less painful reabsorption. Despite all that, it remains unclear how these funds can be included in losses of the final annual reports for 1980 in the amount of 400 billion dinars. The only answer can be found in the idea that invention of the greatest possible amount of losses in this calculation can strengthen the monetarist dogma, and with its help the policy of total disarming of the economy.

Monetarist Dogma

The new Yugomonetarist view of the world of our economy, which is spreading, does not in any way help our perceptions or the consolidation of the Yugoslav economy. It clouds all relationships and spreads defeatism. It spreads the belief in an insurmountable decline. Just like embellishing reality, it is also disinformation, and deception cannot be the basis for perceiving the causes of our economic impotence nor for finding solutions that would make it possible to realize our potentials. In order for them to flourish, we need numerous clarifications in the sphere of reproduction financing, and among these we need clarification of the credit fabric into which our reproduction system is woven.

Unfortunately, the monetarist dogma serves to strengthen the credit system as the basic factor for extracting monetary accumulation from the economic and it leads us into a torrent that can drag us off to a place we do not want to be.

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